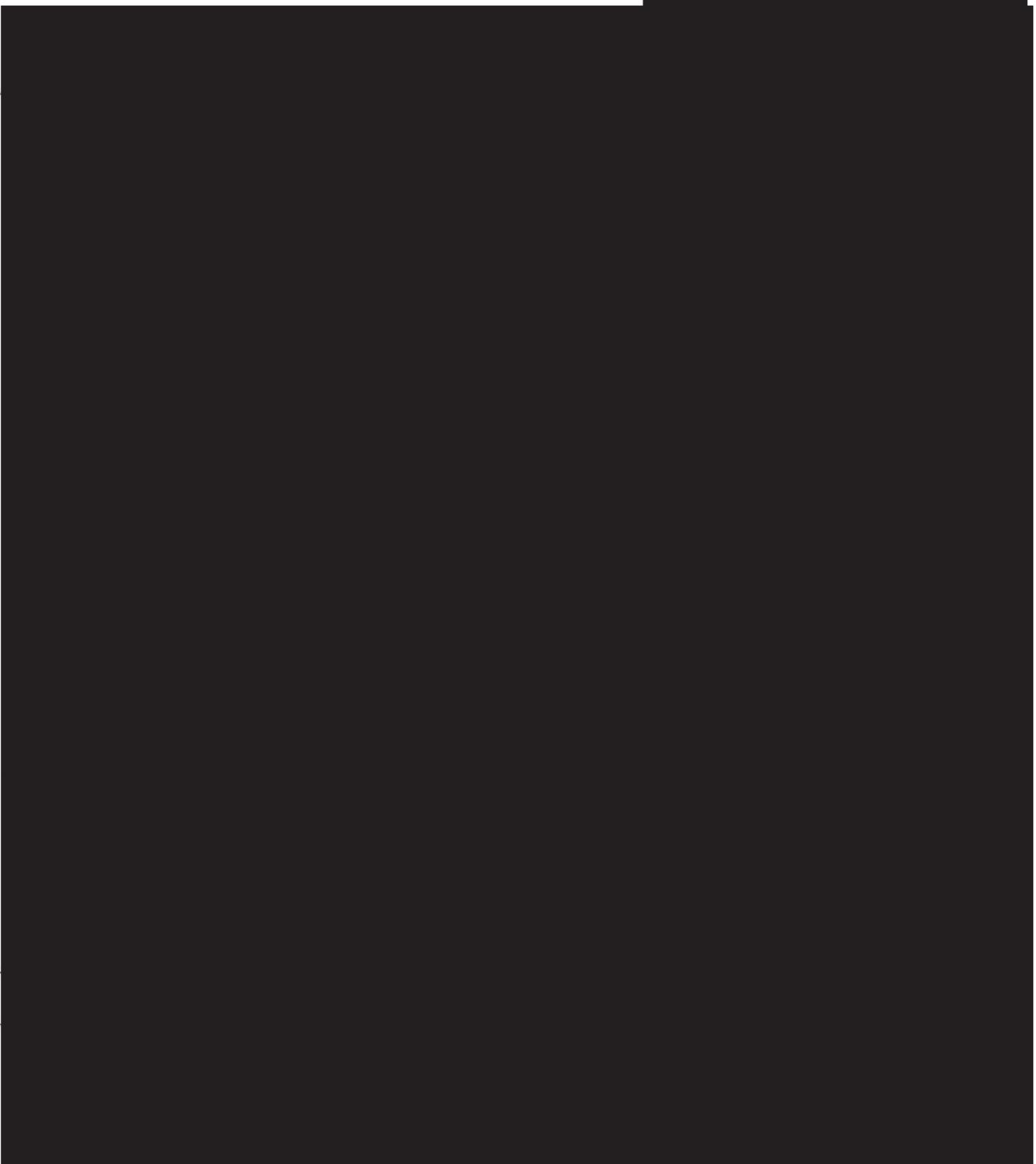


Exhibit 7

**Department of the Treasury
Internal Revenue Service**

Form 4564 (Rev. September 2006)	Department of the Treasury – Internal Revenue Service Information Document Request	Request Number FEA-0008
To: <i>(Name of Taxpayer and Company Division or Branch)</i> Fearless One Inc	Subject Revised report and procedures to follow	
		

Form 4564 (Rev. September 2006)	Department of the Treasury – Internal Revenue Service Information Document Request	Request Number FEA-0008
To: <i>(Name of Taxpayer and Company Division or Branch)</i> Fearless One Inc	Subject Revised report and procedures to follow	

Examination Changes - Partnerships, Fiduciaries, S Corporations, and Interest Charge Domestic International Sales Corporations

Name and address

Fearless One Inc
1232 Choptank Road
Middleton, Delaware 19709

Form 886-X (July 2016)	Department of the Treasury — Internal Revenue Service Shareholders' Share of Income, Deductions, and Credits	Schedule Number 1120S
Name of Corporation Fearless One Inc		

Form 886-X (July 2016)	Department of the Treasury — Internal Revenue Service Shareholders' Share of Income, Deductions, and Credits	Schedule Number 1120S
Name of Corporation Fearless One Inc		

		Page of
Form 4549-B (Rev. October 1976)	Department of the Treasury - Internal Revenue Service Income Tax Examination Changes	Return Form No. 1120S
Name and Address of Taxpayer	Fearless One Inc 1232 Choptank Road Middleton, Delaware 19709	
		

Examination Changes - Partnerships, Fiduciaries, S Corporations, and Interest Charge Domestic International Sales Corporations

Name and address

Fearless One Inc
1232 Choptank Road
Middleton, Delaware 19709

Form 886-X (July 2016)	Department of the Treasury — Internal Revenue Service Shareholders' Share of Income, Deductions, and Credits	Schedule Number 1120S
Name of Corporation Fearless One Inc		

Form 886-X (July 2016)	Department of the Treasury — Internal Revenue Service Shareholders' Share of Income, Deductions, and Credits	Schedule Number 1120S
Name of Corporation Fearless One Inc		

Page _____ of _____

Form 4549-B (Rev. October 1976)	Department of the Treasury - Internal Revenue Service Income Tax Examination Changes	Return Form No. 1120S
Name and Address of Taxpayer Fearless One Inc 1232 Choptank Road Middleton, Delaware 19709		

Taxpayer Name: Fearless One Inc
TIN: [REDACTED]
Tax Form: 1120S
Tax Year (s): 201512, 201612

Examiner: Pesi, Stephanie
Date: 9/18/19; 9/24/19; 9/25/19

Additional Facts and Argument Lead Sheet

Taxpayer Name: Fearless One Inc
TIN: [REDACTED]
Tax Form: 1120S
Tax Year (s): 201512, 201612

Examiner: Pesi, Stephanie
Date: 9/18/19; 9/24/19; 9/25/19

Additional Facts and Argument Lead Sheet

"Bootlegger"



Florida property

The property is owned by Jason & Angela Svonavec. The representatives contend it is an office location for Fearless One Inc. They also contend that Fearless One and Banshee Crane are registered to do business in Florida, there was a lease agreement between the Svonavecs and Fearless paying rent of \$2,000/mo., and there was a management services agreement between Fearless One and Heritage Coal that Mrs. Svonavec was compensated to manage the business for Fearless.

The taxpayer registered Fearless One and Banshee Crane September 9, 2016 with the state of Florida. The income reported in 2015 and 2016 for Banshee are from customers in PA, not Florida. Fearless has no customers. The principal place of business is located in PA, not Florida regardless of where Mrs.

Taxpayer Name: Fearless One Inc
TIN: [REDACTED]
Tax Form: 1120S
Tax Year (s): 201512, 201612

Examiner: Pesi, Stephanie
Date: 9/18/19; 9/24/19; 9/25/19

Additional Facts and Argument Lead Sheet

Svonavec lives. Invoicing, banking, bill paying, etc is done in PA, not Florida.



Civil Fraud Penalty



Taxpayer Name: Fearless One Inc
TIN: [REDACTED]
Tax Form: 1120S
Tax Year (s): 201512, 201612

Examiner: Pesi, Stephanie
Date: 9/18/19; 9/24/19; 9/25/19

Additional Facts and Argument Lead Sheet

Agreements for office rent, management fees, broker fees were made between the entities and the individuals; however, they weren't followed but are being used to demonstrate there are agreements in place to justify an office in Florida and deduct all the expenses of the personal residence of the Svonavecs.

Cooperation: [REDACTED]

Diversion of funds: [REDACTED]

Fabricating invoices: [REDACTED]

Travel logs: [REDACTED]

Taxpayer Name: Fearless One Inc
TIN: [REDACTED]
Tax Form: 1120S
Tax Year (s): 201512, 201612

Examiner: Pesi, Stephanie
Date: 9/18/19; 9/24/19; 9/25/19

Additional Facts and Argument Lead Sheet

Allocation of Income: [REDACTED]

Reliance on return preparer: [REDACTED]

Indicators of fraud: [REDACTED]

Conclusion:

All the information provided by the representatives was considered. The report has been revised to reflect a recomputation of the distributions in excess of basis. There was no new information presented, only self-serving statements and blame placed on the return preparer. The Government's position has not changed.

Law: (Tax Law, Regulations, court cases, and other authorities. If Unagreed, add Argument)

IRC Section: §

Specific citations:

Taxpayer Position: (If applicable)

Your Appeal Rights and How To Prepare a Protest If You Don't Agree



Introduction

This Publication tells you how to appeal your tax case if you don't agree with the Internal Revenue Service (IRS) findings.

If You Don't Agree

If you don't agree with any or all of the IRS findings given you, you may request a meeting or a telephone conference with the supervisor of the person who issued the findings. If you still don't agree, you may appeal your case to the Appeals Office of IRS.

If you decide to do nothing and your case involves an examination of your income, estate, gift, and certain excise taxes or penalties, you will receive a formal Notice of Deficiency. The Notice of Deficiency allows you to go to the Tax Court and tells you the procedure to follow. If you do not go to the Tax Court, we will send you a bill for the amount due.

If you decide to do nothing and your case involves a trust fund recovery penalty, or certain employment tax liabilities, the IRS will send you a bill for the penalty. If you do not appeal a denial of an offer in compromise or a denial of a penalty abatement, the IRS will continue collection action.

If you don't agree, we urge you to appeal your case to the Appeals Office of IRS. The Office of Appeals can settle most differences without expensive and time-consuming court trials. [Note: Appeals can not consider your reasons for not agreeing if they don't come within the scope of the tax laws (for example, if you disagree solely on moral, religious, political, constitutional, conscientious, or similar grounds.)]

The following general rules tell you how to appeal your case.

Appeals Within the IRS

Appeals is the administrative appeals office for the IRS. You may appeal most IRS decisions with your local Appeals Office. The Appeals Office is separate from - and independent of - the IRS Office taking the action you disagree with. The Appeals Office is the only level of administrative appeal within the IRS.

Conferences with Appeals Office personnel are held in an informal manner by correspondence, by telephone or at a personal conference. There is no need for you to have representation for an Appeals conference, but if you choose to have a representative, see the requirements under **Representation**.

If you want an Appeals conference, follow the instructions in our letter to you. Your request will be sent to the Appeals Office to arrange a conference at a convenient time and place. You or your representative should prepare to discuss all issues you don't agree with at the conference. Most differences are settled at this level.

In most instances, you may be eligible to take your case to court if you don't reach an agreement at your Appeals conference, or if you don't want to appeal your case to the IRS Office of Appeals. See the later section Appeals To The Courts.

Protests

When you request an appeals conference, you may also need to file a formal written protest or a small case request with the office named in our letter to you. Also, see the special appeal request procedures in Publication 1660, Collection Appeal Rights, if you disagree with lien, levy, seizure, or denial or termination of an installment agreement.

You need to file a written protest:

- In all employee plan and exempt organization cases without regard to the dollar amount at issue.
- In all partnership and S corporation cases without regard to the dollar amount at issue.
- In all other cases, unless you qualify for the small case request procedure, or other special appeal procedures such as requesting Appeals consideration of liens, levies, seizures, or installment agreements. See Publication 1660.

How to prepare a protest:

When a protest is required, **send it within the time limit specified in the letter you received**. Include in your protest:

- 1) Your name and address, and a daytime telephone number,
- 2) A statement that you want to appeal the IRS findings to the Appeals Office,
- 3) A copy of the letter showing the proposed changes and findings you don't agree with (or the date and symbols from the letter),
- 4) The tax periods or years involved,
- 5) A list of the changes that you don't agree with, and why you don't agree.

- 6) The facts supporting your position on any issue that you don't agree with,
- 7) The law or authority, if any, on which you are relying,
- 8) You must sign the written protest, stating that it is true, under the penalties of perjury as follows:

"Under the penalties of perjury, I declare that I examined the facts stated in this protest, including any accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete."

If your representative prepares and signs the protest for you, he or she must substitute a declaration stating:

- 1) That he or she submitted the protest and accompanying documents and
- 2) Whether he or she knows personally that the facts stated in the protest and accompanying documents are true and correct.

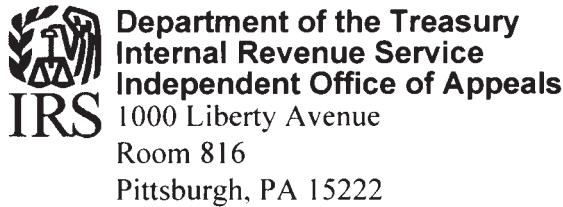
We urge you to provide as much information as you can, as this will help us speed up your appeal. This will save you both time and money.

Small Case Request:

If the total amount for any tax period is not more than \$25,000, you may make a small case request instead of filing a formal written protest. In computing the total amount, include a proposed increase or decrease in tax (including penalties), or claimed refund. For an offer in compromise, in calculating the total amount, include total unpaid tax, penalty and interest due. For a small case request, follow the instructions in our letter to you by: sending a letter requesting Appeals consideration, indicating the changes you don't agree with, and the reasons why you don't agree.

Representation

You may represent yourself at your appeals conference, or you may have an attorney, certified public accountant, or an individual enrolled to practice before the IRS represent you. Your representative must be qualified to practice before the IRS. If you want your representative to appear without you, you must provide a properly completed power of attorney to the IRS before the representative can receive or inspect confidential information. Form 2848, Power of Attorney and Declaration of Representative, or any other properly written power of attorney or authorization may be used for this



JEREMY HARTZELL, ESQ.
HBK CPAs & CONSULTANTS
100 PINEWOOD LANE, STE 201
WARRENDALE, PA 15086

Date:
12/13/2021
Person to contact:
Name: Nina M Miklos
Employee ID Number: 0349386
Phone: (412) 404-9205
Fax: (412) 404-9210/ (855)548-1499
Hours: 8:30 - 5:00

Taxpayer ID number (last 4 digits):
[REDACTED]

Taxpayer name:
BANSHEE CRANCE AND FARM
LLC

Form number:
1120S

Years:
12/2015 12/2016

Dear Mr. Hartzell:

We are sending the enclosed material under the provisions of your power of attorney or other authorization we have on file. For your convenience, we have listed the name of the taxpayer to whom this material relates in the heading above.

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter.

Thank you for your cooperation.

Sincerely,
Matthew S.
Holden
Christopher Keenan
Appeals Team Manager

Digitally signed by Matthew
S. Holden
Date: 2021.12.13 09:55:13
-05'00'

Enclosures:

Letter 913

**Department of the Treasury
Internal Revenue Service
Independent Office of Appeals**
1000 Liberty Avenue
Room 816
Pittsburgh, PA 15222

BANSHEE CRANE AND FARM LLC
550 BEAGLE RD
ROCKWOOD, PA 15557-7104

Date:
12/13/2021
Person to contact:
Name: Nina M Miklos
Employee ID Number: 0349386
Phone: (412) 404-9205
Fax: (412) 404-9210/ (855)548-1499
Hours: 8:30 - 5:00
Re:
Income
Tax periods ended:
12/2015 12/2016

HOW DID WE DO?

Tell the Independent Office of Appeals about your experience with the Appeals process.

The IRS Independent Office of Appeals wants to improve its interactions with taxpayers. One way we do this is by asking taxpayers and tax professionals who've recently appealed a tax issue, to complete a Customer Satisfaction Survey. We'll use the results of the survey to improve taxpayers' experiences during the Appeals process and we'd really appreciate your help.

Participation is **voluntary, anonymous** and should take only a few **minutes to complete**. You can complete the survey on a computer or smart device with a browser.

ICF, an independent research company, manages the survey for us. They'll collect data and supply survey results to us without information that could trace answers to the survey back to any person or entity. They are legally bound to protect the information they collect under the Privacy Act, 5 USC Section 552a, and Internal Revenue Code Section 6103. We will not ask for personal or financial information of any kind.

If you have any questions or want to verify the IRS sponsorship of the survey, you can visit www.irs.gov/css, call the ICF Survey Help Desk at **800-427-4275**, or email ICF at IRSAppealsSurvey@icfsurvey.com.

The Independent Office of Appeals is committed to serving the public in the best way possible. Your opinions play a very important role in improving the services we offer.

Thank you for your participation!

Sincerely,
Andrew J. Keyso
Chief, IRS Independent Office of Appeals

We provide 2 easy ways to get started:

Visit www.IRSAppealsSurvey.com and enter the following password:

7319345004

- or -

Scan this QR code



Using your smartphone or tablet's camera app and enter the password above.

**Examination Changes - Partnerships, Fiduciaries, S Corporations,
and Interest Charge Domestic International Sales Corporations**

Name and address

BANSHEE CRANE & FARM LLC
550 BEAGLE RD
ROCKWOOD, Pennsylvania 15557

Date 12/08/2021 Page _____ of _____

Form **4549-B**
(August 2019)

Department of the Treasury - Internal Revenue Service

Report of Income Tax Examination Changes

Name and address of taxpayer

BANSHEE CRANE & FARM LLC
550 BEAGLE RD
ROCKWOOD, Pennsylvania 15557



Taxpayer BANSHEE CRANE & FARM LLC [REDACTED]

Page _____ of _____

Page 1 of 1

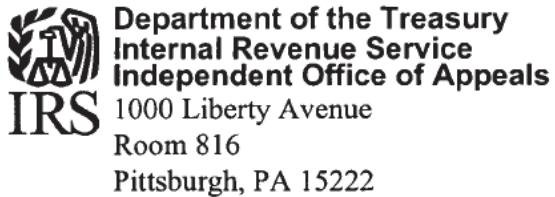
Form 886-X (July 2016)	Department of the Treasury --- Internal Revenue Service Shareholders' Share of Income, Deductions, and Credits	Schedule Number 1120S
Name of Corporation BANSHEE CRANE & FARM LLC		

Page 1 of 1

Form 886-X (July 2016)	Department of the Treasury - Internal Revenue Service Shareholders' Share of Income, Deductions, and Credits	Schedule Number 1120S
----------------------------------	--	---------------------------------

Name of Corporation

BANSHEE CRANE & FARM LLC



**Department of the Treasury
Internal Revenue Service
Independent Office of Appeals**
1000 Liberty Avenue
Room 816
Pittsburgh, PA 15222

Date:
10/13/2021
Person to contact:
Name: Nina M Miklos
Employee ID Number: 0349386
Phone: (412) 404-9205
Fax: (412) 404-9210/ (855)548-1499
Hours: 8:30 - 5:00
Re:
Income

JASON R & ANGELA L SVONAVEC
192 STONE RIDGE LANE
ROCKWOOD, PA 15557-6943

Dear Mr. & Mrs. Svonavec:



Sincerely,

Nina M. Miklos
Digitally signed by Nina M.
Miklos
Date: 2021.10.13 13:48:26
-04'00'

Nina M Miklos
Appeals Officer

Enclosures:

Agreement Form (2)
Form 5278 and Schedules
Form 4605-Banshee and Fearless
Tentative Interest Calculation
Mailing Instructions

cc: Leroy L Metz II
Jeremy Hartzell

Form **870-AD**
(May 2021)

Department of the Treasury - Internal Revenue Service

**Offer to Waive Restrictions on Assessment and Collection of Tax
Deficiency and to Accept Overassessment**

Symbols

AP;EX;PA;PIT;NMM

Name of taxpayer

Jason R & Angela L Svonavec



**Examination Changes - Partnerships, Fiduciaries, S Corporations,
and Interest Charge Domestic International Sales Corporations**

Name and address

BANSHEE CRANE & FARM LLC
550 BEAGLE RD
ROCKWOOD, Pennsylvania 15557

Date 09/21/2021 Page _____ of _____

Form **4549-B**
(August 2019)

Department of the Treasury - Internal Revenue Service

Report of Income Tax Examination Changes

Name and address of taxpayer

BANSHEE CRANE & FARM LLC
550 BEAGLE RD
ROCKWOOD, Pennsylvania 15557



Taxpayer BANSHEE CRANE & FARM LLC

Page _____ of _____

Page 1 of 1

Form **886-X**
(July 2016)

Department of the Treasury -- Internal Revenue Service

Shareholders' Share of Income, Deductions, and Credits

Schedule Number
1120S

Name of Corporation

BANSHEE CRANE & FARM LLC

Page 1 of 1

Form 886-X (July 2016)	Department of the Treasury — Internal Revenue Service Shareholders' Share of Income, Deductions, and Credits	Schedule Number 1120S
Name of Corporation BANSHEE CRANE & FARM LLC		

**Examination Changes - Partnerships, Fiduciaries, S Corporations,
and Interest Charge Domestic International Sales Corporations**

Name and address

Fearless One Inc
1232 Choptank Road
Middleton, Delaware 19709



Date 09/21/2021 Page 0 of

Form **4549-B**
(August 2019)

Department of the Treasury - Internal Revenue Service

Report of Income Tax Examination Changes

Name and address of taxpayer

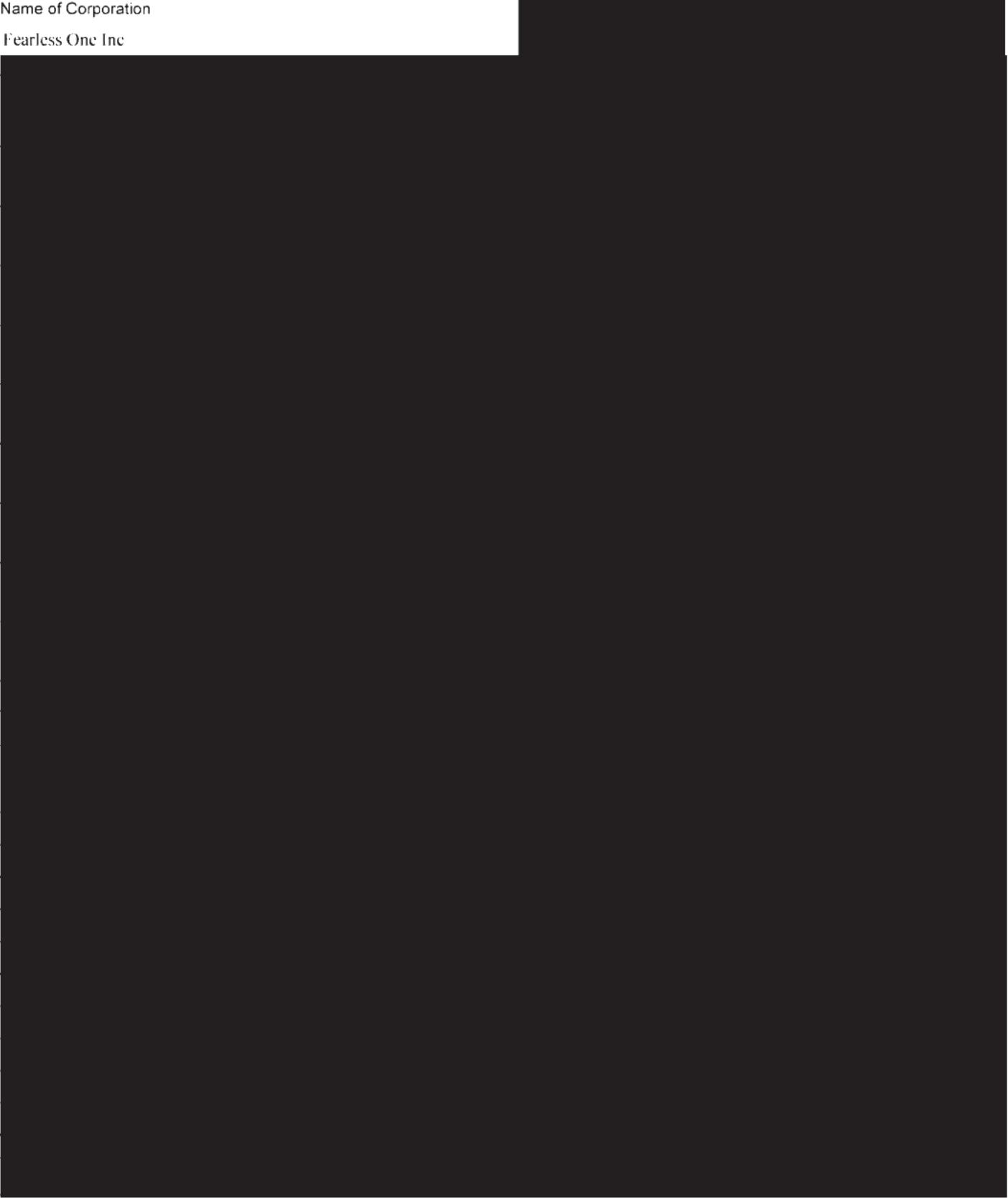
Fearless One Inc
1232 Choptank Road
Middleton, Delaware 19709



Page 1 of 1

Form 886-X (July 2016)	Department of the Treasury -- Internal Revenue Service Shareholders' Share of Income, Deductions, and Credits	Schedule Number 1120S
Name of Corporation Fearless One Inc		

Page 1 of 1

Form 886-X (July 2016)	Department of the Treasury — Internal Revenue Service Shareholders' Share of Income, Deductions, and Credits	Schedule Number 1120S
Name of Corporation Fearless One Inc		

Page 1 of 1

Form 5278 (Rev. June 2011)	Statement - Income Tax Changes	Schedule A
1. Name(s) of taxpayer(s) JASON R & ANGELA L SVONAVEC		

Date 10/06/2021 Page 1 of 1

Form 4549-B
(August 2019)

Department of the Treasury - Internal Revenue Service

Report of Income Tax Examination Changes

Name and address of taxpayer

JASON R & ANGELA L SVONAVEC

Name of Taxpayer: JASON R & ANGELA L SVONAVEC
Identification Number: [REDACTED]

Total

10/06/2021
22.20.00

Name of Taxpayer: JASON R & ANGELA L SVONAVEC
Identification Number [REDACTED] Total
10/06/2021
22.20.00

Name of Taxpayer:	JASON R & ANGELA L SVONAVEC	10/06/2021
Identification Number:	[REDACTED]	Total
		22.20.00

2015 - PERSONAL EXEMPTION WORKSHEET



Name of Taxpayer: JASON R & ANGELA L SVONAVEC

10/06/2021

Identification Number: [REDACTED]

Total

22.20.00



ITEMIZED DEDUCTIONS WORKSHEET - PER EXAM



Name of Taxpayer:	JASON R & ANGELA L SVONAVEC	10/06/2021
Identification Number:	[REDACTED]	Total 22.20.00

2015 - SCHEDULE D - CAPITAL GAINS AND LOSSES



Name of Taxpayer:	JASON R & ANGELA L SVONAVEC	10/06/2021
Identification Number:	[REDACTED]	22.20.00
	Total	

2015 - SCHEDULE SE - COMPUTATION OF SELF-EMPLOYMENT TAX



Name of Taxpayer: JASON R & ANGELA L SVONAVEC
Identification Number: [REDACTED]

Total

10/06/2021
22.20.00

2016 - Form 8959 - Additional Medicare Tax



Name of Taxpayer:	JASON R & ANGELA L SVONAVEC	10/06/2021
Identification Number:	[REDACTED]	Total 22.20.00

2016 - Form 8960 - Net Investment Income Tax



Name of Taxpayer:	JASON R & ANGELA L SVONAVEC	10/06/2021
Identification Number:	[REDACTED]	Total 22.20.00

2016 - Qualified Dividends and Capital Gain Tax Worksheet



Name of Taxpayer:	JASON R & ANGELA L SVONAVEC	10/06/2021
Identification Number:	[REDACTED]	Total
		22.20.00

2016 - PERSONAL EXEMPTION WORKSHEET



Name of Taxpayer:	JASON R & ANGELA L SVONAVEC	10/06/2021
Identification Number:	[REDACTED]	Total 22.20.00



Name of Taxpayer:	JASON R & ANGELA L SVONAVEC	10/06/2021
Identification Number:	[REDACTED]	Total 22.20.00

2016 - SCHEDULE D - CAPITAL GAINS AND LOSSES



Name of Taxpayer:	JASON R & ANGELA L SVONAVEC	10/06/2021
Identification Number:	[REDACTED]	Total 22.20.00

2016 - SCHEDULE SE - COMPUTATION OF SELF-EMPLOYMENT TAX



Name of Taxpayer: JASON R & ANGELA L SVONAVEC
Identification Number: [REDACTED] Total

Page _____ of
Tax Period Ending: 12/31/2015

Accuracy-Related Penalties under IRC 6662

20 Percent Penalty -- Internal Revenue Code Section 6662(a)

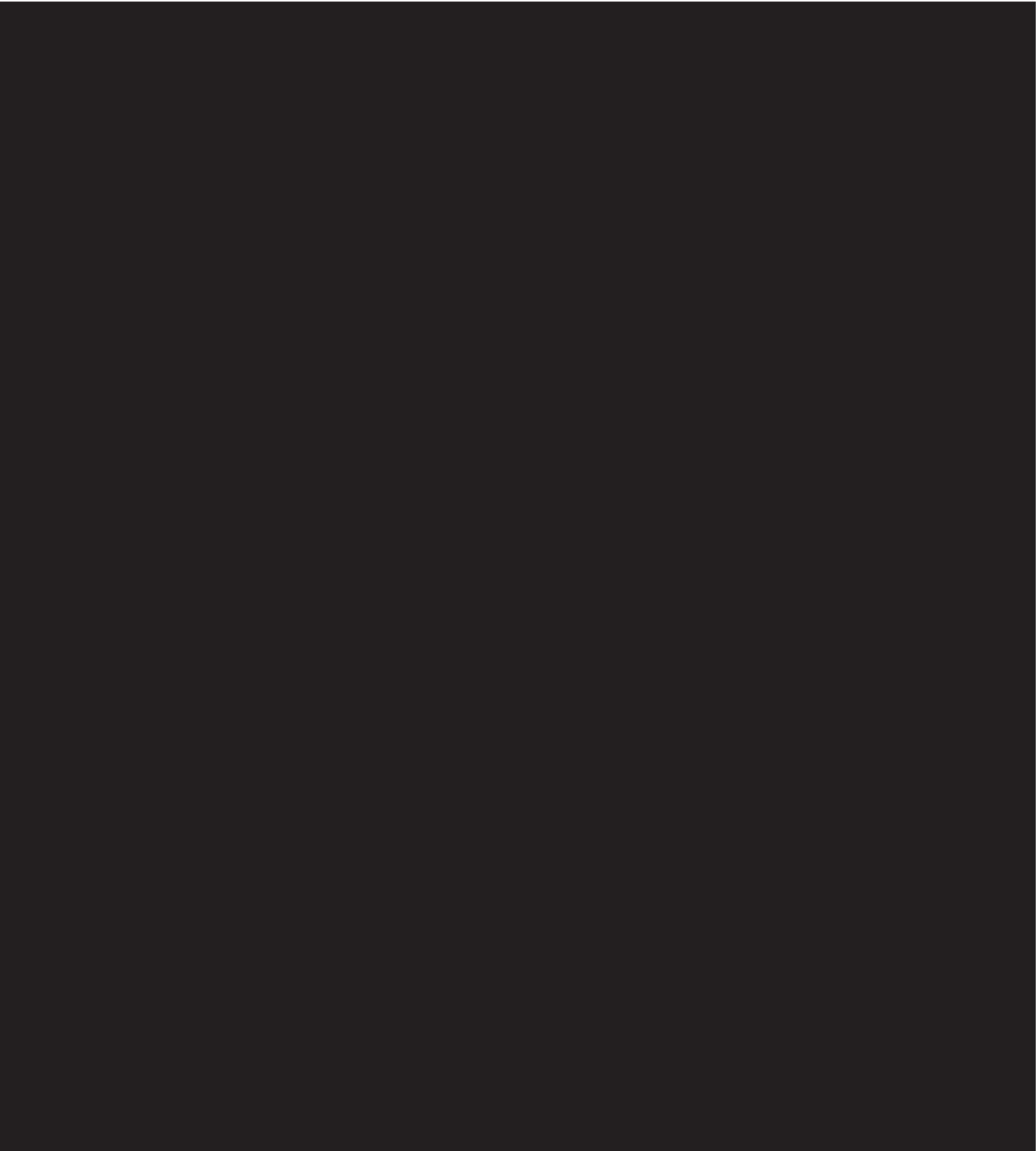


40 Percent Penalty -- Internal Revenue Code Section 6662(h); 6662(i); 6662(j)



Name Of Taxpayer:	JASON R & ANGELA L SVONAVEC	10/06/2021
Identification Number:	[REDACTED]	Total 22.20.00

2015 - Adjustments Subject to Accuracy-Related Penalty - IRC 6662



Name of Taxpayer: JASON R & ANGELA L SVONAVEC
Identification Number: [REDACTED] Total

Page _____ of
Tax Period Ending: 12/31/2016

Accuracy-Related Penalties under IRC 6662

20 Percent Penalty -- Internal Revenue Code Section 6662(a)

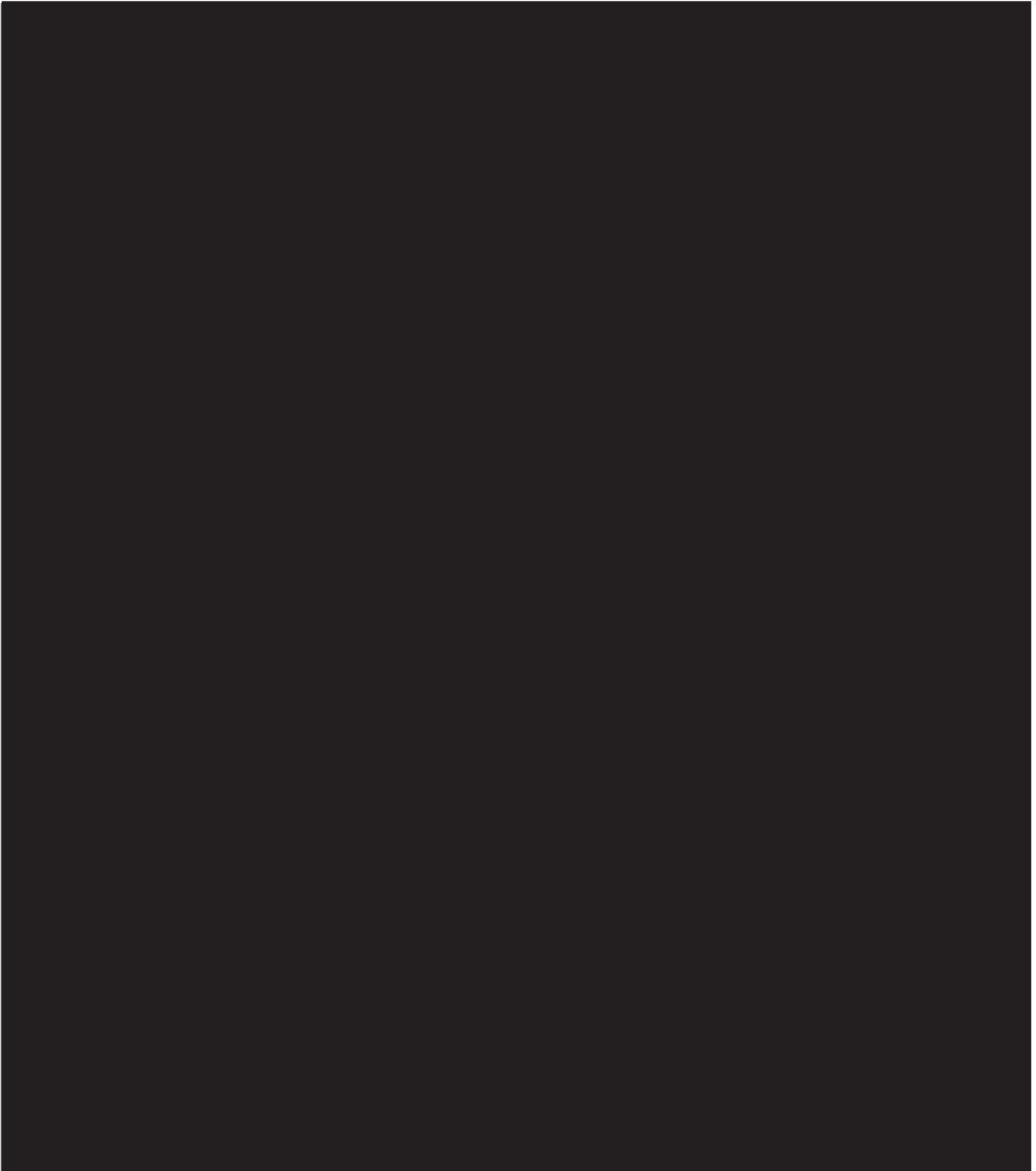


40 Percent Penalty -- Internal Revenue Code Section 6662(h); 6662(i); 6662(j)



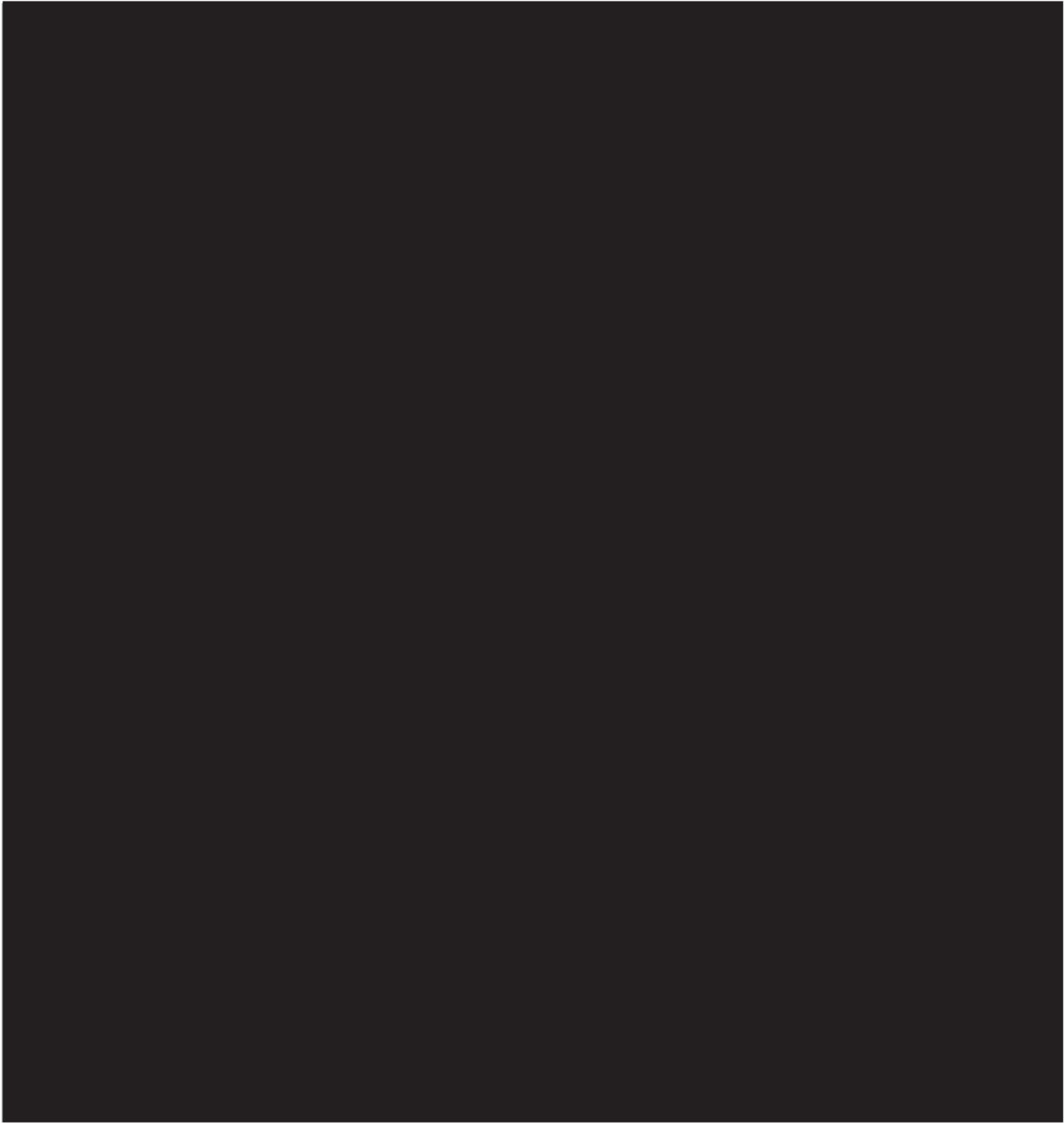
Name Of Taxpayer:	JASON R & ANGELA L SVONAVEC	10/06/2021
Identification Number:	[REDACTED]	Total 22.20.00

2016 - Adjustments Subject to Accuracy-Related Penalty - IRC 6662



Name Of Taxpayer:	JASON R & ANGELA L SVONAVEC	10/06/2021
Identification Number:	[REDACTED]	Total
		22.20.00

2016 - Adjustments Subject to Accuracy-Related Penalty - IRC 6662



Name Of Taxpayer:	JASON R & ANGELA L SVONAVEC	10/06/2021
Identification Number:	[REDACTED]	22.20.00
	ESTIMATE	

2016 TAX YEAR INTEREST COMPUTATION



Name Of Taxpayer:	JASON R & ANGELA L SVONAVEC	10/06/2021
Identification Number:	[REDACTED]	22.20.00

2015 TAX YEAR INTEREST COMPUTATION



INSTRUCTIONS FOR RETURNING SIGNED
CONSENTS OR OTHER AGREEMENTS DURING THE
COVID 19 CRISIS

The ability to submit a signed form to IRS-Appeals electronically is an available option. You may send the signed (original signature) form to my e-fax number (855) 548-1499. When submitting the signed form by fax please provide a cover page indicating the taxpayer/representative (list name) wish to submit the signed form by fax.

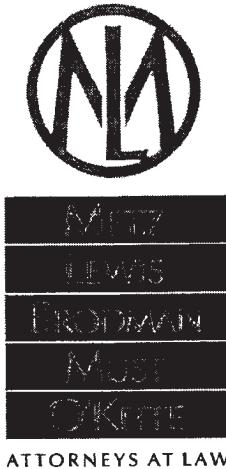
List the taxpayer's name on the cover page.

You may also submit the signed form by email. If you decide to do so you must use encrypted software and the document must be password protected. The subject line and body of the email must not contain any personal identifiable information of the taxpayer. Please contact the Appeals Officer before returning the signed form by email to discuss.

METZ LEWIS BRODMAN MUST O'KEEFE LLC

535 Smithfield Street Suite 800 Pittsburgh, Pennsylvania 15222
T: 412.918.1100 F: 412.918.1199 www.metzlewis.com

April 28, 2021



LEROY L. METZ, II

VIA FACSIMILE AND FIRST CLASS MAIL

Ms. Nina M. Miklos
Appeals Officer
Internal Revenue Service
1000 Liberty Avenue
Room 816
Pittsburgh, PA 15222

Re: Jason and Angela Svonavec
Heritage Coal & Natural Resources, LLC
Banshee Crane and Farm, LLC
Fearless One, Inc.

Dear Ms. Miklos:

On behalf of the above captioned taxpayers, Jeremy Hartzell and myself, I want to thank you for the time and attention you devoted to the appeals hearing we held on April 6, 2021 to attempt to resolve the various issues involved in the IRS examining agent's reports concerning the 2015 and 2016 federal income tax returns of the taxpayers.

This letter will set forth the terms on which the taxpayers are willing to resolve these issues. As you know, nothing in this letter is an admission or waiver of any of the issues we have been discussing, the letter is solely for purposes of settlement and no part of this letter may be used as evidence of any aspect of the case and is not admissible into court.

The taxpayers propose that the following elements of deductions, which the examining agent has proposed to disallow, be permitted deductions in respect of advertising in the year indicated:

<u>Return</u>	<u>2015</u>	<u>2016</u>
Svonavec (Bootlegger suv)	\$99,282	\$18,000
Banshee (Zero Turn Mower and Engine)	106,380	
Banshee (Other Cost)		5,728
Banshee (Repairs & Maintenance)		8,042
Banshee (Fuel)	9,993	2,057
Banshee (Insurance)	1,077	1,077
Banshee (Advertising)		6,485
Banshee (Repairs & Maintenance)		5,605
Totals	<u>\$216,732</u>	<u>\$46,994</u>

Ms. Nina M. Miklos
 April 28, 2021
Page 2

As you know, taxpayers are firmly convinced that maintenance of an office in Florida is an ordinary and necessary business expense for managing the businesses for which Mrs. Svonavec is responsible. Among other proper and substantial business purpose of the Florida office is the state tax savings enabled thereby. Recognizing that the examining agent is of a different opinion, even though taxpayers disagree with that opinion, taxpayers propose settlement that would allow fifty (50%) percent of the expense of maintaining the Florida office which would be applied per the below table.

<u>Return</u>	<u>2015</u>	<u>2016</u>
Fearless One (Repairs & Maintenance)	\$116,299	\$71,087
Fearless Aircraft Operating	5,008	
Fearless Insurance		5,007
Fearless Other Deductions – Small Tools		20,129
Fearless Depreciation	26,481	7,004
Banshee Rent	<u>111,216</u>	<u>4,000</u>
Total	<u>\$259,004</u>	<u>\$107,227</u>
Proposed Allowance at 50%	<u>\$129,502</u>	<u>\$53,613.50</u>

All of the above are items about which we had considerable discussion, but if further detail is needed, please let us know.

<u>Return</u>	<u>2015</u>	<u>2016</u>
Fearless One (Charter Fees)	\$54,600	\$19,125
Fearless One (Legal and Prof. Pilot Salary)	<u>32,728</u>	
Totals	<u>\$87,328</u>	<u>\$19,125</u>

As we discussed, these are out-of-pocket expenses paid by Fearless One to third parties which are well substantiated.

Beyond these deductions there is the issue of the civil fraud penalty asserted by the examining agent. We believe the civil fraud penalty is inapplicable and you indicated that you leaned away from that penalty as well. You also indicated that you thought the accuracy penalty under IRC Section 6662 may apply to some portion of the underpayment.

As we have discussed, neither Mr. nor Mrs. Svonavec is at all well versed in the complexities of the Internal Revenue Code. They hired a Certified Public Accountant to handle the books of the business and then hired an independent Certified Public Accountant to prepare the tax returns. They relied exclusively on the expertise of the trained professionals to whom they had given complete access to their books and records. We firmly believe such reliance was

Ms. Nina M. Miklos
 April 28, 2021
Page 3

justified, demonstrates good faith of the taxpayers and clearly vindicates them from any negligence or disregard of the applicable rules and regulations.

We propose that no penalty of any description be applied in this case.

If for any reason you feel obligated to apply a penalty, clearly the civil fraud penalty would not apply and the Section 6662 penalty should not apply to those aspects of the tax returns which were entirely the province of the tax return preparer including any disallowance related to the question of travel expenses, the Florida office, the \$500,000 basis adjustment to the airplane or the adjustment relating to the conversion of cash accounting to accrual accounting.

More particularly the proposed adjustment in the below indicated amounts for "distributions in excess of basis," are very clearly items that only experienced, sophisticated tax practitioners and Internal Revenue Service agents and appeals officers would understand.

<u>Return</u>	<u>2015</u>	<u>2016</u>
Svonavec Capital Gains	2,807,249	231,741

Just as clearly any mistake related to distributions in excess of basis should not be the subjects of any form of penalty against these taxpayers, who in no manner would have knowingly understated their taxable income on account of such an issue.

We appreciate your willingness to help resolve this matter fairly and promptly.

Very truly yours,



LeRoy L. Metz, II

LLM/js

**Department of the Treasury
Internal Revenue Service
Independent Office of Appeals**
1000 Liberty Avenue
Room 816
Pittsburgh, PA 15222

**HBK CPAS & CONSULTANTS
JEREMY G. HARTELL, JD
100 PINEWOOD LANE, STE 201
WARRENDALE, PA 15086**

Date:
October 13, 2021
Person to contact:
Name: Nina M Miklos
Employee ID Number: 0349386
Phone: (412) 404-9205
Fax: (855)548-1499
Hours: 8:30 - 5:00
Taxpayer ID number (last 4 digits):
[REDACTED]
Taxpayer name:
Jason R & Angela L Svonavec
Form number:
1040
Years:
12/2015 12/2016

Dear Mr. Hartzell:

We are sending the enclosed material under the provisions of your power of attorney or other authorization we have on file. For your convenience, we have listed the name of the taxpayer to whom this material relates in the heading above.

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter.

Thank you for your cooperation.

Sincerely,

Nina M. Miklos
Digitally signed by Nina M.
Miklos
Date: 2021.10.13 13:50:22
-04'00'
Nina M Miklos
Appeals Officer

Enclosures:
Letter 969

METZ LEWIS BRODMAN MUST O'KEEFE LLC

535 Smithfield Street Suite 800 Pittsburgh, Pennsylvania 15222
T: 412.918.1100 F: 412.918.1199 www.metzlewis.com

November 1, 2019



ATTORNEYS AT LAW
LEROY L. METZ, II

Via Fax and FedEx Overnight

Department of the Treasury
Internal Revenue Service
Attn: Stephanie Pesi, Revenue Agent
319 Washington Street, Suite 100
Johnstown, PA 15901

Re: Protest and Request for Appeals Conference for Jason R. Svonavec
[REDACTED] **Angela L. Svonavec** [REDACTED] and
related entities

Dear Ms. Pesi:

Jason R. and Angela L. Svonavec on behalf of themselves individually and on behalf of wholly owned businesses Heritage Coal & Natural Resources, LLC (EIN: [REDACTED] ("Heritage"), Banshee Crane and Farm, LLC (EIN: [REDACTED] ("Banshee")), and Fearless One, Inc. (EIN: [REDACTED] ("Fearless")) (each a "Taxpayer", and collectively the "Taxpayers"), protest the adjustments proposed in IRS Form 4549 Income Tax Examination Changes issued to them on September 25, 2019, which propose to adjust the Taxpayers' and businesses income tax returns for the tax years 2015 and 2016.

A. Appeal to the IRS Appeals Office

The Taxpayers request a conference in person with a representative of the Internal Revenue Service Appeals Office to address the disputed adjustments identified and described in this protest.

The Forms 4549 were issued to the Taxpayers on September 25, 2019. Pursuant to an agreed-upon extension of time, this formal written protest response is timely filed.

B. Taxable Years Involved

For all Taxpayers, the taxable periods at issue are the tax years ended December 31, 2015 and December 31, 2016.

C. Adjustments Protested

Taxpayers take exception to the following proposed adjustments:

Internal Revenue Service

November 1, 2019

Page 2

- 1) Disallowance of "Bootlegger" advertising expense
- 2) Disallowance of "ATV" expense
- 3) Banshee Distributions to Shareholders
- 4) Penalty for failure to file and failure to provide Forms 1099
- 5) Disallowance of expense attributable to business use of Florida property
- 6) Disallowance of \$500,000 airplane basis adjustment
- 7) Assumption that Fearless was not a company operating to make a profit
- 8) Assertion of the Civil Fraud Penalty

D. Form of Protest

This protest, on behalf of the Taxpayers and their wholly owned businesses, consists of the following parts: this cover letter; a background of the Taxpayers and their businesses; and an analysis of the adjustments protested including relevant facts that support the Taxpayers' position and the law upon which the Taxpayers rely.

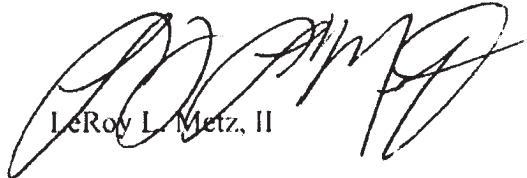
E. Statement of Counsel

This protest was prepared by the undersigned, LeRoy L. Metz, II, counsel for Taxpayers.

F. Declaration

Declaration of taxpayers Jason R. and Angela L. Svonavec is attached.

Respectfully submitted,



The image shows a handwritten signature in black ink, appearing to read "LeRoy L. Metz, II".

LLM/rh

Enclosures

cc: Jeremy Hartzell, Esq.
 Jason & Angela Svonavec

BACKGROUND AND ANALYSIS OF ADJUSTMENTS PROTESTED**JASON R. AND ANGELA L. SVONAVEC****2015 AND 2016 TAX YEARS****A. BACKGROUND**

Jason R. and Angela L. Svonavec collectively own Heritage Coal & Natural Resources, LLC (“Heritage”), Banshee Crane and Farm, LLC (“Banshee”), and Fearless One, Inc. (“Fearless”). The primary business operation of Heritage is surface mining. Heritage is a single member limited liability company, owned 100% by Mrs. Svonavec. Mr. Svonavec is thoroughly involved in the business, working day-to-day in the coal fields. The primary business operation of Banshee is farming, but to more fully utilize its equipment it occasionally bids small excavation and construction jobs. Banshee is a limited liability company, taxed as an S Corporation, owned 100% by Mrs. Svonavec. Mr. Svonavec is involved in this business, always bidding jobs and occasionally operating farm equipment to make hay and plant crops. The primary business operation of Fearless is charter plane services. Fearless is an S Corporation owned 100% by Mr. Svonavec. Mrs. Svonavec is actively involved in the management and business development of Fearless. Mr. Svonavec’s residence and mailing address is 192 Stone Ridge Lane, Rockwood, PA 15557. Mrs. Svonavec’s residence and mailing address is 796 Portside Drive, Naples, FL 34103. The best daytime telephone number for the Taxpayers is (814) 634-0626.

B. ANALYSIS OF ADJUSTMENTS PROTESTED**1. Disallowance of “Bootlegger” Advertising Expense**



2. Disallowance of “ATV” Expense



3. Banshee Distributions to Shareholders



4. Penalty for Failure to File and Failure to Provide Forms 1099



5. Disallowance of Expense Attributable to Business Use of Florida Property

Angela Svonavec's proper residency is Florida and expenses attributable to the Florida business space are properly deductible under the Internal Revenue Code of 1986, as amended, (the "Code"), for the tax years 2015 and 2016 in respect of the S Corporation income tax returns of Fearless One, Inc.

Fearless Workpaper 405-1.2 of the examiner's report states:

"The shareholder's wife is saying that Florida is her tax and work home. She is not an owner of the business. She is not an employee of the business. She "manages" the business through her other business Heritage Coal. The shareholder performs no services for this business. He does not receive a salary."

further

"The principal business for this entity was to be transportation services; however, the plane and charter fees have been used exclusively for the benefit of the shareholder and wife. The plane was sold. The company is basically idle. The income and expenses that are generated for this entity are to write off the expenses of the second home. The charter fees are incurred by the shareholder's wife to travel between PA and Florida."

As addressed below, there are many discrepancies with the positions taken and the conclusions drawn in the examiner's report.

796 Portside Drive, Naples, FL is Angela Svonavec's principal place of residence

The determination of a taxpayer's principal residence is based on facts and circumstances. If a taxpayer alternates between two residences, the one used the majority of the time during each relevant year will be considered the principal residence for that year. 26 C.F.R. §1.121-1(b)(2).

Factors in determining a taxpayer's principal residence, include, but are not limited to –

- (i) The taxpayer's place of employment;
- (ii) The principal place of abode of the taxpayer's family members;
- (iii) The address listed on the taxpayer's federal and state returns, driver's license, automobile registration, and voter registration card;
- (iv) The taxpayer's mailing address for bills and correspondence;
- (v) The location of the taxpayer's banks; and
- (vi) The location of religious organizations and recreational clubs with which the taxpayer is affiliated.

Fearless and Banshee are properly registered to do business in Florida (see attachments from Florida Division of Corporations). Angela Svonavec has a Florida driver's license and has been registered to vote solely in Florida, not Pennsylvania, since 2014 (see attached photo of driver's license and voter registration). Mrs. Svonavec's mailing address for bills and correspondence is 796 Portside Drive, Naples, FL and she keeps her personal bank account in Florida (see attachments from Florida Division of Corporations where Mrs. Svonavec's address as "registered agent" is 796 Portside).

See attached 2014 and 2016 PA-40 returns where her husband, Jason Svonavec, files without Mrs. Svonavec because, as a resident of Florida, she is not subject to Pennsylvania personal income tax. At this time the POA does not have a copy of Jason Svonavec's 2015 PA-40 but can obtain the return upon request. Florida does not have an income tax requirement which would require Mrs. Svonavec to file there. Based on all of the relevant factors, Mrs. Svonavec is unquestionably a resident of Florida.

Whether via the rental agreement or as a home office, deducting the business use of the Florida office space is allowed under the Code.

Code § 162(a)(3) provides that

There shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including - rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity.

A valid lease agreement is in existence between the Svonavec's (Lessor) and Fearless One, Inc. (Tenant) as of January 1, 2015. On Page 3, number 11 "Maintenance and Repair" of the lease agreement, "Tenant shall, at Tenant's sole expense, keep and maintain the Leased Space and appurtenances in good and sanitary condition and repair during the term of this Lease Agreement." Fearless, as Tenant, properly followed the agreement by paying for those expenses. Both the rentals and other payments required to be made, in this case repairs and maintenance, are properly deductible under Code § 162(a)(3).

In the alternative, if it is the stance of the IRS that a valid rental agreement was not in place, Code § 280A allows the deduction of the expenses for business use of part of a residence. Code § 280A(c) exempts from the general disallowance rule those expenses attributable to a dwelling unit used for business for the following enumerated activities:

- (1) Certain business use.
 - (A) as the principal place of business for any trade or business of the taxpayer,
 - (B) as a place of business which is used by patients, clients, or customers in meeting or dealing with the taxpayer in the normal course of his trade or business, or
 - (C) in the case of a separate structure which is not attached to the dwelling unit, in connection with the taxpayer's trade or business.

According to the terms of the Management Services Agreement between Fearless One, Inc. and Heritage Coal dated January 1, 2011, Mrs. Svonavec was retained and compensated to manage the business for Fearless. This is properly reflected on the 2015 returns where a management fee was paid to Heritage when the airplane was sold and properly included in income on the Heritage returns as “other income.” As Heritage is a single member LLC, it is a disregarded entity, making Heritage and Mrs. Svonavec one in the same.

The exemption from general disallowance of expense under Treas. Reg. § 1.280A-2(c) includes that “[p]roperty is so used only if the patients, clients, or customers are physically present on the premises. . . . This exception applies only if the use of the dwelling unit by patients, clients, or customers is substantial and integral to the conduct of the taxpayer’s business.”

As stated on numerous occasions, Mrs. Svonavec uses 796 Portside to meet with clients, customers, and potential new clients/customers for Fearless, Banshee, and Heritage. Repairs and maintenance were necessary to keep the home office in an acceptable manner to physically receive customers and clients as provided under Code § 280A(c). Physically meeting with these clients and customers was integral to the business of Fearless, Banshee, and Heritage.

Paying a management fee for bookkeeping and business management is an ordinary and necessary business expense under Code § 162. Paying rent for an office space to do that bookkeeping and business running is also an ordinary and necessary business expense under Code § 162. The Svonavecs are in the process of expanding their charter business to the sea, requiring an office space in Florida. Further, as Mrs. Svonavec’s principal place of residence is in Florida, she needed an office space in Florida to conduct business. The most economic choice in this case was to use a home office, rather than pay extreme prices for a commercial space. Using a home office is an allowable expense under Code § 280A(c). The Svonavecs went further by signing a lease agreement to ensure that the separate businesses expenses were properly documented.

6. Disallowance of \$500,000 Airplane Basis Adjustment





7. Assumption That Fearless Was Not a Company Operating to Make a Profit



8. Assertion of the Civil Fraud Penalty





Understatement of Income



As an additional justification for asserting that Taxpayers committed fraud, the examiner wrote:

“3. Deducting rent expense to a related entity to offset personal living expenses for the personal residence in Florida.”

As discussed above, whether via the rental agreement or as a home office, deducting the business use of the Florida office space is allowed under the Code. Mrs. Svonavec's primary place of residence is Florida and she provided management services to Fearless for a fee. When Fearless sold an airplane in 2015, a management fee was paid which was acknowledged by the examiner as properly reported as income on Schedule C of the Taxpayers 2015 Form 1040. In Langer v. C.I.R., the Petitioners were denied deductions for using methods of determination that had “no basis in the law.” 980 F.2d 1198 (8th Cir. 1992). That is not the case here. Mrs. Svonavec's primary place of residence is Florida per Code § 121. Rental expense is an ordinary and necessary business expense per Code § 162. In the alternative, the business use of a home office is deductible

per Code § 280A. The Taxpayers' deduction of business expense attributable to the Florida property was reasonable, was well grounded in the law, was never concealed, and is not fraud.

Further, it is the government's position that any unsubstantiated business expenses are automatically classified as personal expenses. "Fraud does not include negligence, carelessness, misunderstanding or unintentional understatement of income." Pechenik, 236 F.2d at 846 (internal quotations omitted). Negligence and carelessness of maintaining receipts does not indicate an intention to evade taxes. The Taxpayers were simply not good at maintaining organized books and records. Knowing this about themselves, they employed an "in-house" Certified Public Accountant ("CPA") as a bookkeeper upon whom they relied. They further relied upon a second independent CPA as their tax return preparer to take the books, as provided, apply the CPA's tax knowledge, and properly deduct what was allowed to be deducted per the tax laws in which a CPA would be an expert.

On Banshee Workpaper 532 "Additional Facts and Argument Lead Sheet" the examiner wrote:

"On August 6, 2019 a fax was received from Jeremy Hartzell addressing the disallowance of the topsoil purchased from Joseph B Fay and expensed on Banshee Crane & Farm for 2015 and 2016. The representative provided documentation showing that it was sold on 1/11/17 for a significant profit. It is being disallowed in 2015 and 2016 to be reflected against the income when it was sold on 1/11/17. It will be considered on the 2017 return. The issue was addressed in work paper section 501 of Banshee Crane & Farm"

The examiner recognizes that the purchase of topsoil was properly substantiated with invoices and that the purchase thereof will be reflected in 2017 when the topsoil was subsequently sold. The sole issue here is timing of reporting, which is an accounting error by the CPA and not indicative of fraud. As such, the amounts in contention should be removed from consideration of imposing the fraud penalty.

As seen in Svonavec Workpapers 510-513, among others, Taxpayers did not provide enough documentation to substantiate business expenses for 2016 and for this reason alone is the government disallowed the deductions. The Commissioner bears the burden of showing the taxpayer's fraudulent intent by clear and convincing evidence. I.R.C. § 7454(a). It is further the

Commissioner's burden to show the taxpayer's fraudulent intent applies separately for each of the years. I.R.C. § 6663(a & b); I.R.C. § 7454(a). For purposes of imposing a fraud penalty, "fraud is not proven when a court is left with only a suspicion of fraud, and even a strong suspicion is not sufficient to establish a taxpayer's liability for the fraud penalty." Branson, 103 T.C.M. (CCH) 1680. In this case the government does not have clear and convincing evidence that these expenses were personal in nature, only a suspicion, which is not enough to meet the burden of clear and convincing evidence. Id.; but see Rahall v. C.I.R., 101 T.C.M. (CCH) 1486 (Tax 2011) (where Petitioner intentionally claimed nondeductible and obvious personal expenditures as business expenses, and concealed personal expenditures as "theft losses"); see also Kohn v. C.I.R., 114 T.C.M. (CCH) 200 (Tax 2017) (where Petitioners intentionally claimed \$144,600 of casualty loss on their tax return for assets that were subsequently sold for \$142,000 just over one week after they signed their tax returns).

Further, there was not a single disallowance of expense for the tax year 2015 in Svonavec Workpapers 509 through 519, and the revenue agent repeatedly states that "the issue is not present in 2015." In most cases a repeated, pattern of understatement is required to show intent by the taxpayers enough to warrant the assessment of fraud penalty. In Langer v. C.I.R., the Petitioners had a **history** of claiming business expense deductions for "many obvious" personal expenses, as they had understatements of income for tax years 1983, 2001, 2011, 2012, and 2013. 113 T.C.M. (CCH) 1426 (Tax 2017); see also Laciny v. C.I.R., 105 T.C.M. (CCH) 1645 (Tax 2013) (where Petitioners failed to report income for tax years 1996, 1997, 1998, and 1999).

Failure to Keep Adequate Records





Allocations of Income





Concealment



Filing of Tax Returns



Dealing in Cash



Engaging in Illegal Activities



Conduct of Taxpayers





Reliance on Tax Return Preparer

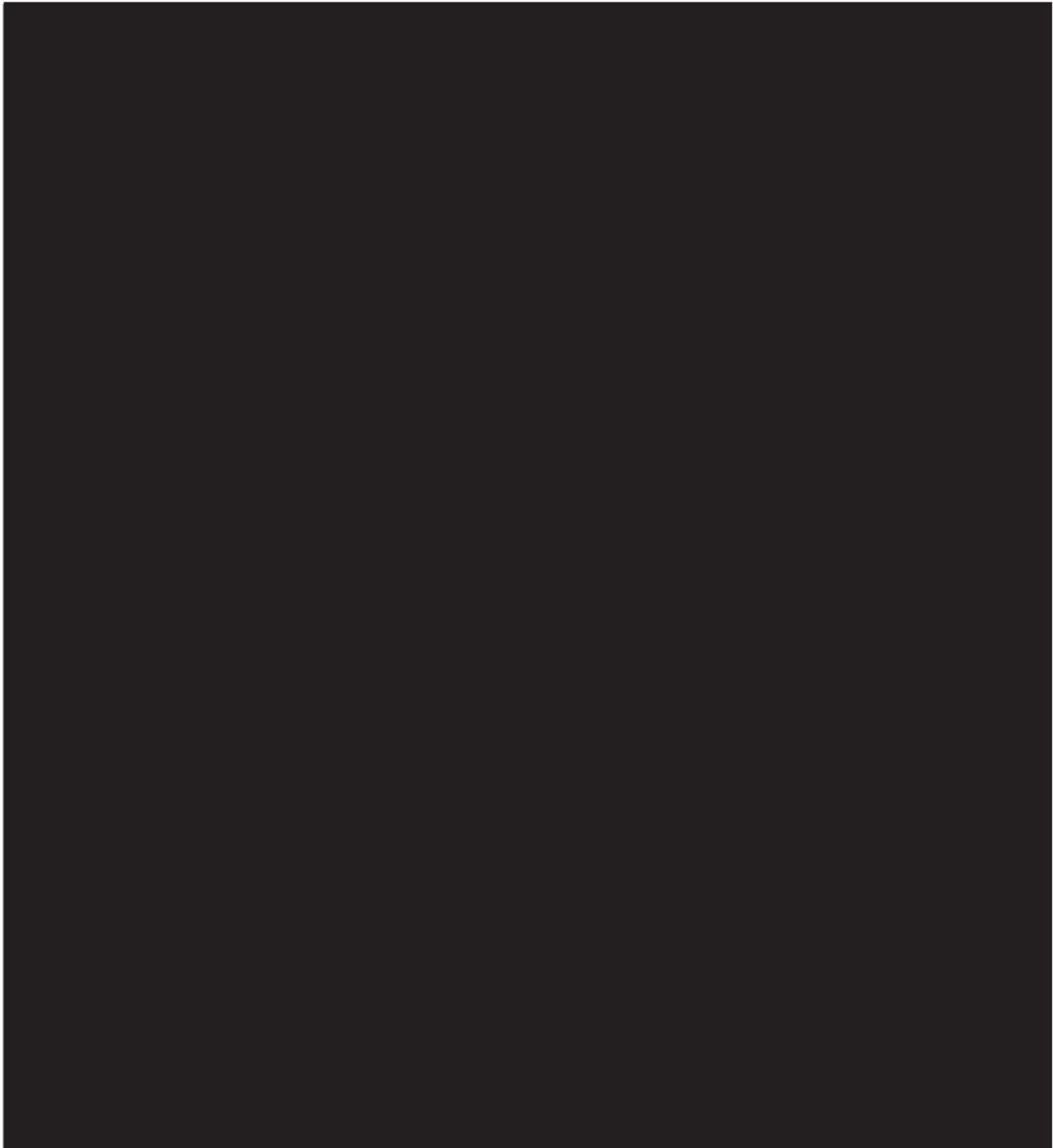






Business Owners, with no Specialized Tax Knowledge





Declaration

"Under the penalties of perjury, I declare that I examined the facts stated in this protest, including any accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete."



Jason R. Svonavec

10-31-19

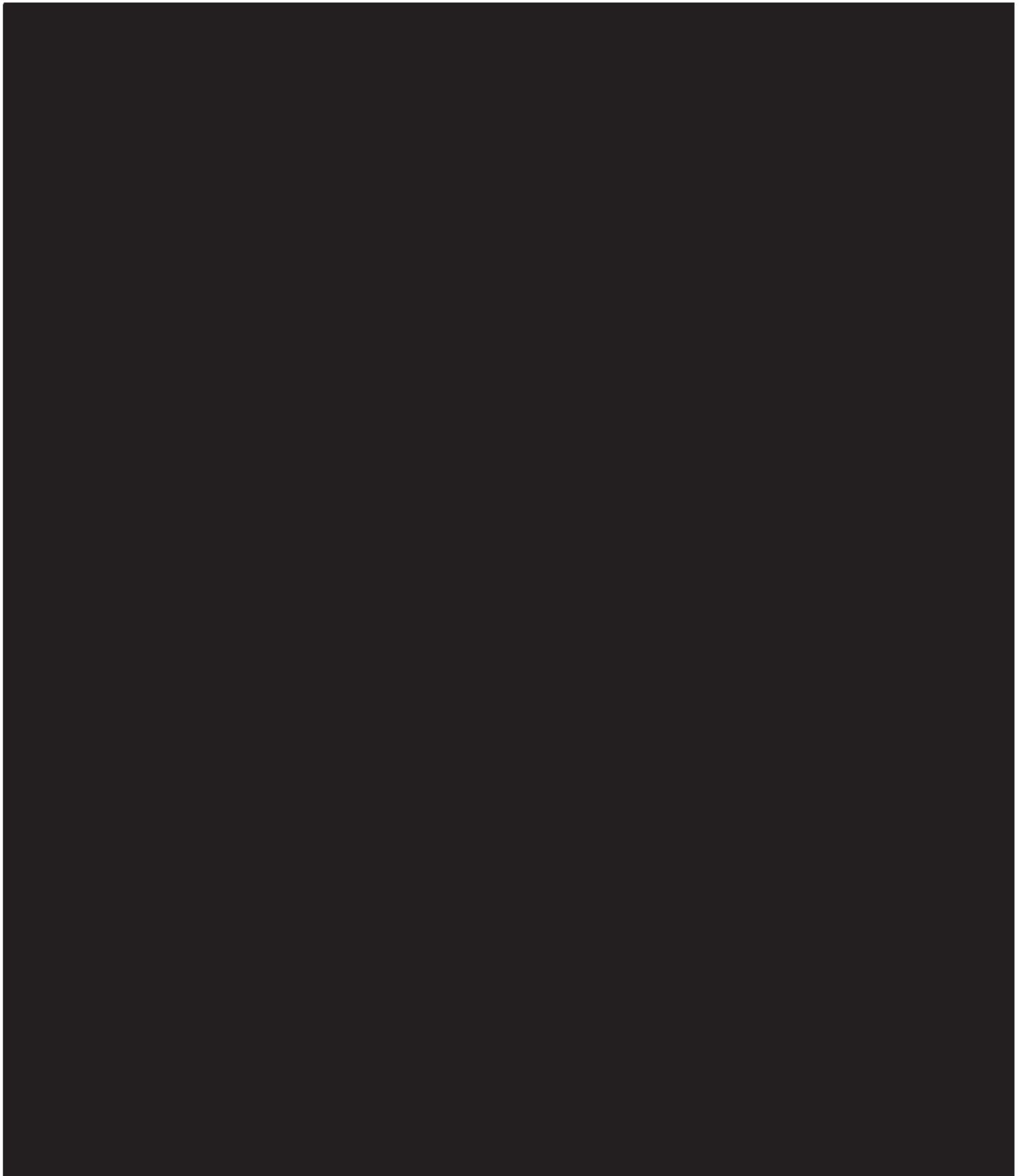
Date



Angela L. Svonavec

10-31-19

Date



Internal Revenue Service
Independent Office of Appeals
1000 Liberty Avenue
Room 816
Pittsburgh, PA 15222

Date: January 11, 2021

Jeremy Hartzell, CPA
HBK
100 Pinewood Lane, Suite 201
Warrendale, PA 15086

Department of the Treasury

Person to Contact:
Nina M Miklos
Employee ID Number: 0349386
Tel: (412) 404-9205
Fax: (412) 404-9210/ (855)548-1499
Contact Hours: 8:30 - 5:00

Refer Reply to:
AP:EX:PA:PIT:NMM

In Re:
Jason R & Angela L.Svonavec
Fearless One
Banshee Crane & Farm LLC

Tax Period(s) Ended:
12/2015 12/2016

Dear Mr. Hartzell:

Thank you for participating in an IRS Independent Office of Appeals WebEx conference. We've attached the link needed for the conference (see TO JOIN YOUR MEETING below) along with other helpful information.

Your conference is scheduled for January 19, 2021, at 10 a.m., Eastern Time Zone.

You must download the Cisco WebEx client to join the conference. To test your operating system's compatibility with WebEx and download the necessary WebEx plug-in, visit www.webex.com/test-meeting.html. You don't need to download or purchase the software, or download a trial, to attend the meeting. To assist you in joining the meeting, please review this YouTube video prior to the conference.

We'll only use the videoconference, document viewing, and chat features of WebEx. We won't use additional features such as recording and document transmittal. Please note that you're not authorized to audio or video record this conference. Although the IRS has approved the use of WebEx, we recognize that any internet application has some inherent risks associated with its use. We consider your agreement to participate in a WebEx conference to be an acceptance of those risks.

If you need to reschedule the conference or if you experience technical issues on the day of the conference, please call me at [enter your telephone number].

You've been invited to a WebEx meeting which allows Appeals to collaborate with taxpayers and their representatives.

- Only visual application and file sharing is permitted.
- It's best to have WebEx call attendees at a designated phone number.
- We don't recommend calling in using a computer as the quality of the meeting may be affected.

TO JOIN YOUR MEETING

- Go to: [Join the meeting](#)

JAN192021

Note: when you connect to WebEx, the system should provide the audio connection. If it doesn't, you can dial in by phone at the number below, using the access code.

Audio connection:

855-865-6792 (IRS WebEx external)

304-579-6720 (Alternate number)

Access code:

999 811 693

WARNING! THE SYSTEM IS FOR AUTHORIZED USE ONLY!

Sincerely,

Nina M Miklos
Appeals Officer

Enclosures:

How to join Web-ex meeting

cc: Leroy L. Metz II

How to Join a WebEx Meeting

Updated 6/1/2020

WebEx meetings will work with a variety of computer system setups. WebEx is compatible with Windows, Mac, or Linux operating systems, although there are known issues with each operating system's compatibility. However, like a chain, the WebEx meeting is only as strong as its weakest link (i.e. your connection can affect the performance of others).

To test your operating system's compatibility with WebEx and download the necessary WebEx plug-in, visit www.webex.com/test-meeting.html.

It has been observed that WebEx does not currently work with the Microsoft Edge browser. Browsers that work with WebEx include Windows Explorer, Firefox, Chrome and Safari.

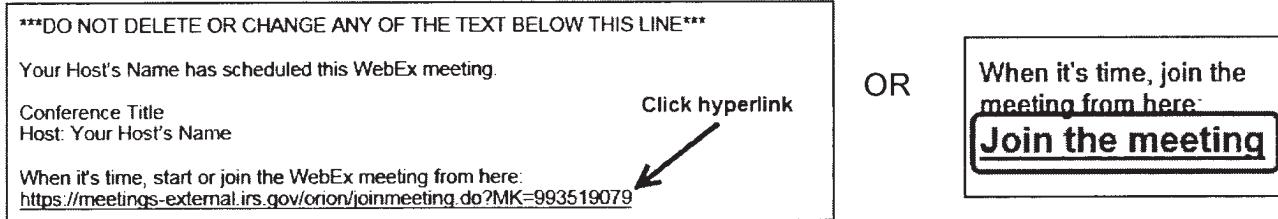
Additionally, if you reside outside the United States, skip from Step 5 to Step 7 for the information you need to join the audio portion of the conference.

With respect to WebEx performance:

- Wireless connections have lower performance. Wired connections are recommended.
- High-speed cable has higher performance than a DSL connection.
- If you're using an antiquated dial-up connection, you probably won't be able to join.

Please follow the steps below to ensure an optimal connection to your WebEx conference. Although the email invitation includes a phone number and access code to join the meeting, you should only use that information to call-in to the meeting if the other options do not work.

Step 1: From the Outlook Calendar invitation you received, click on the meeting invitation link provided...



Step 2: When the next screen appears, enter your name/email address and select "Join".

Cisco webex

Join by Number Help Sign In

Test

When: Fri, Feb 24 2017 10:30 am (30 minutes)
Eastern Standard Time (New York, GMT-05:00)

Host: Your Host's Name

More info

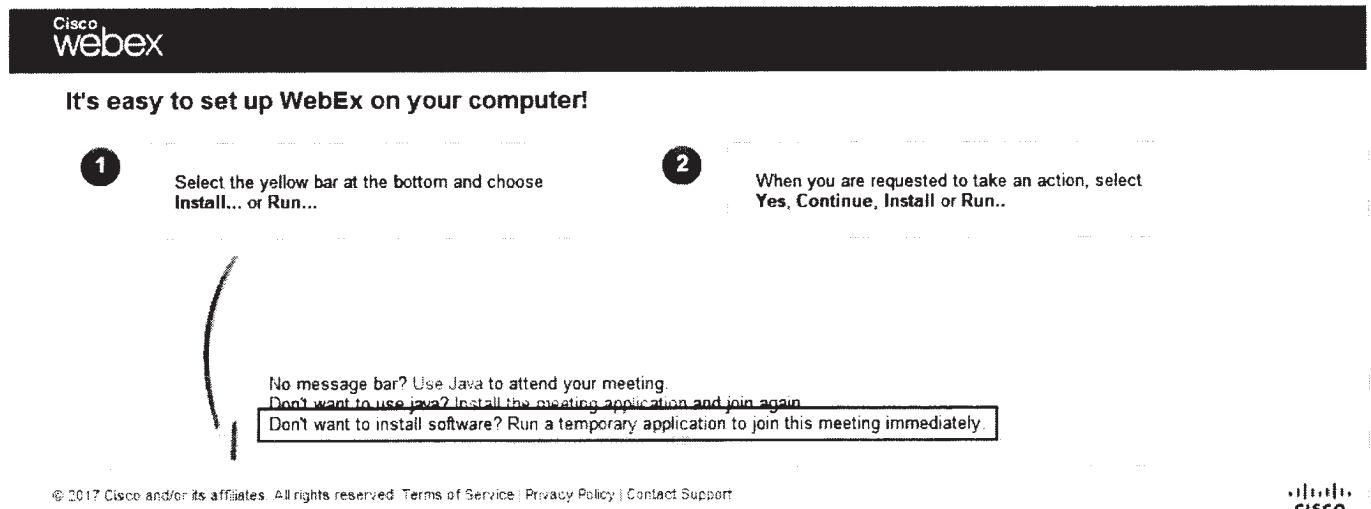
Click to join meeting... → Join

It's time to join!
If you are the host, start your meeting.

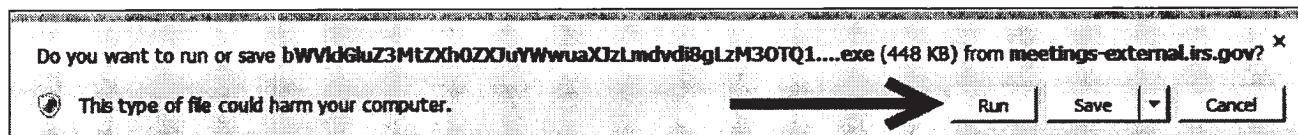
Your Name: _____
Your Name: _____

Email Address: _____
Your Email Address: _____

Step 3: If you have not downloaded the WebEx software or encounter other issues, you will likely receive a notification that you need to download the software now. As an alternative, you can select the “Run a temporary application” link to initiate your WebEx conference.



Step 4: When the pop-up item displays, select “Run” (your actual screen view may be somewhat different)



Step 5: You should now be in the WebEx session. To activate your audio, make sure you're on the “Quick Start” tab and select the “More Options” link.

Cisco WebEx Meetings - Test

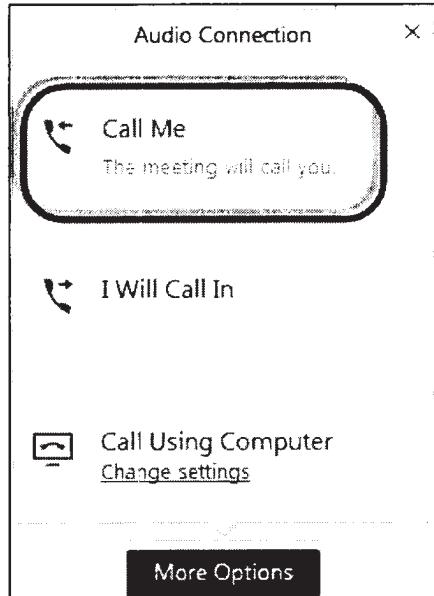
File Edit Share View Audio Participant Meeting Help

Quick Start Meeting Info

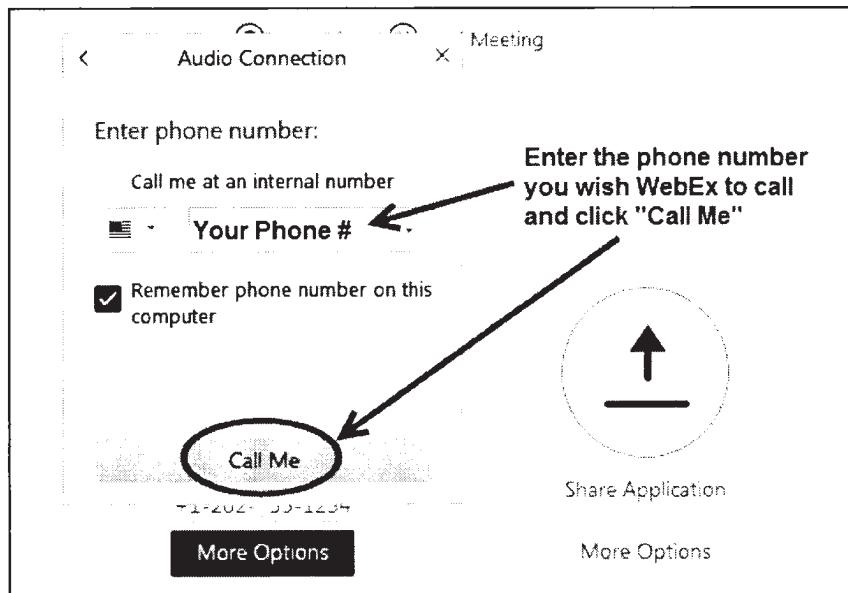
Call Using Computer Share Application More Options Copy Meeting URL

More Options

Step 6: The preferred method to join WebEx audio is to have the WebEx system call you by selecting the “Call Me” option. Participants located outside the United States or those who wish to join audio through their computer should go to step 7 for instructions on joining the audio portion of the meeting. It is not recommended that you select the “I Will Call In” option unless the other two do not work. However, if you must use this option, you will need to enter the phone number and access code provided in the bottom section of the email you received.

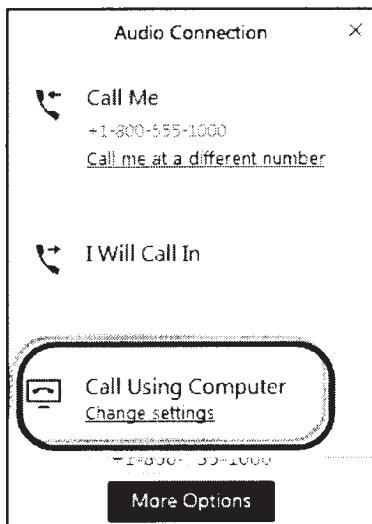


After clicking the “Call Me” selection, enter your phone number when prompted.



Once the connection is made, you will be prompted to “Press 1” to join the meeting.

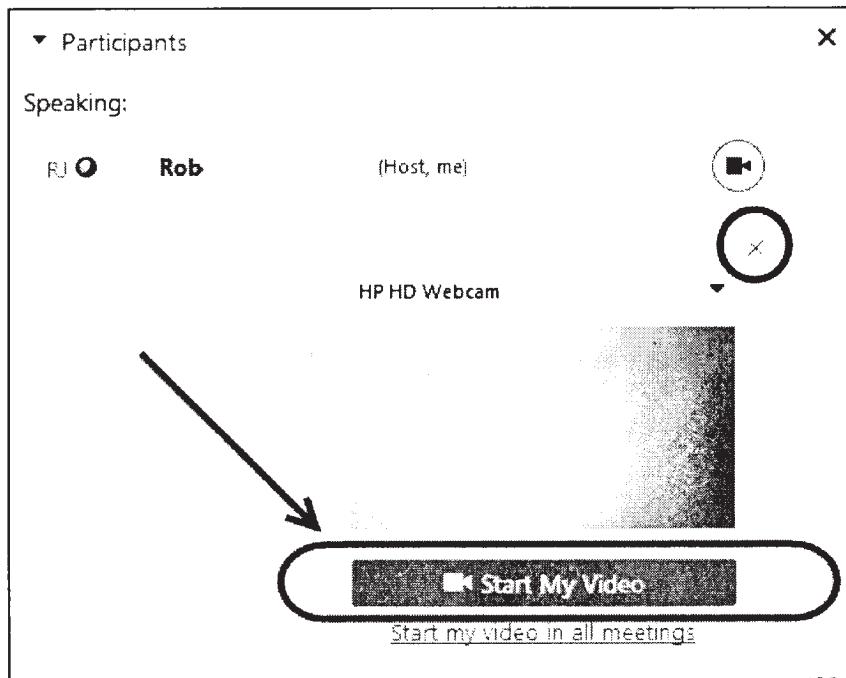
Step 7: If located outside the United States, the Call Me option will not work as the WebEx server is not currently capable of dialing international calling codes. Instead, you can join the audio portion of the meeting by selecting the “More Options” link as shown in Step 5 and selecting the “Call Using Computer” option.



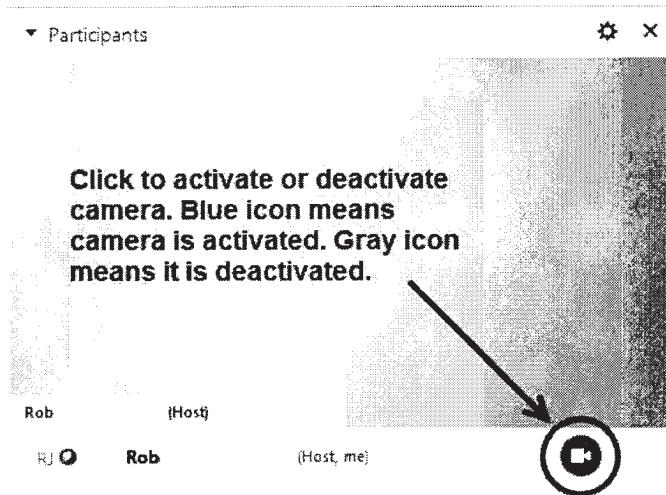
Call Using Computer is the only method that works for people located outside the United States because this method employs Voice Over internet protocol (VOIP) and is not reliant upon the public switched telephone network. However, the codec used sometimes results in a loss of clarity.

If using your computer for audio, it is best if a headset is employed as use of the computer's embedded microphone and speakers may cause feedback.

Step 8: To activate your video, simply select the Start My Video button found on the right side of the meeting screen, under the Participants. If you do not wish to activate your camera right away, you can simply click on the small "x" as shown in the blue circle:



Step 9: After your initial entry to the conference, you can activate or deactivate your camera by clicking on the camera icon. When activated, the icon will be displayed in blue. When deactivated, it will be displayed in gray.



When you enter a WebEx session, you can mute yourself at any time by clicking on the microphone icon next to your name as displayed below:

A screenshot of a Cisco WebEx meeting interface. On the left, there's a sidebar with 'RN' and 'WebEx Illustration'. In the center, there's a video preview window. On the right, there's a participant list. A large black arrow points from the text 'Click to Mute or Unmute' to a small red 'X' icon next to the name 'Bob' in the participant list. The participant list also shows 'RJ' and '(Host, me)'. Below the participant list, there are several icons: a phone receiver ('Connected to Audio'), an upward arrow ('Share Application'), a person icon ('Invite & Permit'), and a link ('Copy Meeting URL').

Now muted, it displays in the color red with a line through the microphone and there is also a small red "x" next to your name.

A screenshot of a Cisco WebEx meeting interface. The participant list on the right shows 'RJ' with a red microphone icon and a red 'X' next to it, indicating they are muted. Other participants listed are 'B' and 'Bob'. The participant list has a section titled 'Speaking:' which lists 'RJ' and 'B'. The participant list also includes 'Participants', 'Chat', 'Recorder', and 'Notes' tabs at the top.

You can unmute yourself in the same fashion by clicking on the icon again, causing the icon to revert to the grayed status.



FAX TRANSMISSION SHEET

100 Pinewood Lane, Ste 201
 Warrendale, PA 15086
 Phone (724) 934-5300
 Fax (724) 934-3762
www.hbkcpa.com

OFFERING THESE PROFESSIONAL SERVICES:

ACCOUNTING & AUDITING

- ❖ Comprehensive Business Advice and Consultation
- ❖ Audits/Reviews/Compilations
- ❖ Small Business Services

TAX SERVICES

- ❖ Tax Planning & Consulting
- ❖ Corporate, Partnership and Individual Tax Return Preparation
- ❖ Estate/Fiduciary Planning and Returns
- ❖ Retirement Planning

INFORMATION TECHNOLOGY

- ❖ Systems Development and Implementation
- ❖ Software Consulting and Implementation for Various
- ❖ Accounting Packages, Including Peachtree and Quickbooks

HUMAN RESOURCE MANAGEMENT

- ❖ Record Retention/Compliance
- ❖ Recruitment/Retention
- ❖ Training/Team Development
- ❖ Performance Evaluations
- ❖ Job Descriptions
- ❖ Policies/Procedures/Employee Handbooks

BUSINESS VALUATIONS

- ❖ Buy/Sell Agreements
- ❖ Purchase/Sale of a Business
- ❖ Structuring Divorce Settlements
- ❖ Litigation Support
- ❖ Estates and Gift Taxes

Date:	<u>January 19, 2021</u>		
To:	<u>Nina Miklos</u>	Fax:	<u>(855) 548-1499</u>
From:	<u>Jeremy Hartzell</u>	# of Pages:	<u>25</u>
Subject: <u>Svonavec</u>			

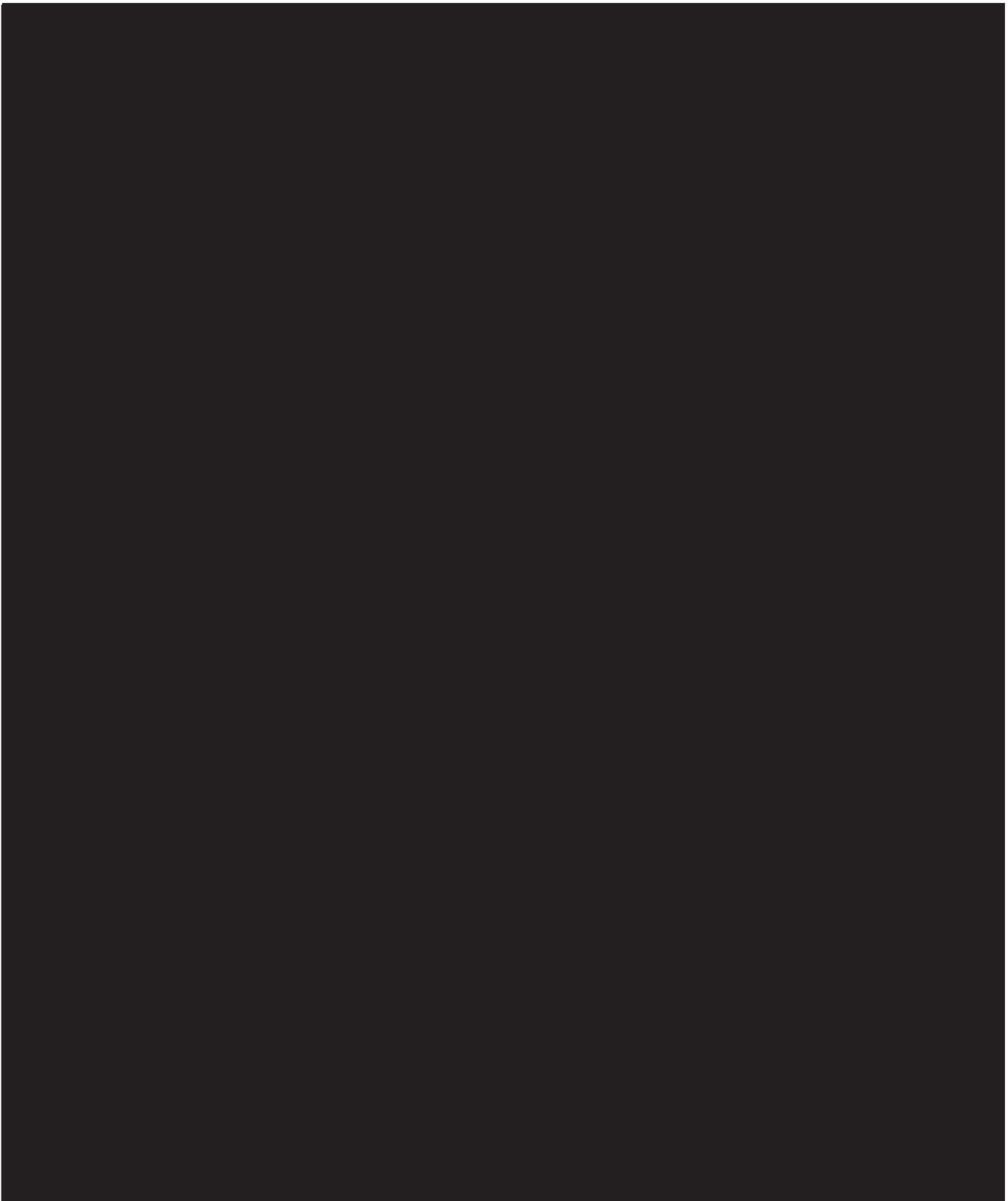
Preliminary information, subject to change, for our call.

CONFIDENTIALITY NOTICE

This transmittal is intended only for the use of the individual or entity to which it is addressed, and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this transmittal is not the intended recipient, or the employee or agent responsible for delivering the transmittal to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately.

To insure compliance with requirements imposed by The Department of Treasury, we inform you that any tax advice contained in this communication (including any attachments) was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

Combined Protest for an Appeal for Svonavec, Banshee and Fearless





2015

2016

#5 Florida Home
Sch. F Rent Expense - 503-1.1

#3 Banshee Distributions
Other Assets - Shareholder Loans
Distributions in Excess of Basis 530-1.1
Depreciation 529-1.3

#1 Bootlegger

Advertising Expense - 517

Repairs 504-4.2

Repairs 504-4.3

Repairs 504-4.4

Cost of Good Sold - Other 507-4.3

Cost of Good Sold - Other 507-4.4

Cost of Good Sold - Other 507-4.5

Cost of Good Sold - Other 507-4.6

Cost of Good Sold - Other 507-4.7

Cost of Good Sold - Other 507-5.1

Fuel Expense Lead 510

Insurance Lead 511-1.2

Advertising 517-2.1

Advertising 517-2.2

Advertising 517-2.2

Repairs 526-1.1

ATV

Repairs 504-4.2

Fearless One**#5 Disallowance of Expense attributable to business use of Florida Property**

Workpaper 403-1.1 Repairs & Maintenance

Workpaper 404-1.1 Other Deductions Aircraft Operating Expense

Workpaper 405-1.1 Other Deductions Charter Fee

Workpaper 501-1.1 Other Deductions Insurance

Workpaper 506-1.1 Rental Expenses - Cleaning & Maintenance

Workpaper 507-1.1 Rental - Insurance Expense

Workpaper 508-1.1 Rental - Repairs Expense

Workpaper 509-1.1 Rental - Taxes Expense

Workpaper 510-1.1 Rental - Utilities

#7 Assumption that Fearless was not a company operating to make a profit

Workpaper 502-1.1 Other Deductions Small Tools

Workpaper 503-1.1 Other Deductions Community Relations

Workpaper 513-1.1 S Corporation Loans from Shareholders

Workpaper 519-1.1 Distributions Leadsheet

Workpaper 401-1.1 Gross Receipts

Workpaper 504-1.1 Travel, Meals and Entertainment

Workpaper 505-1.1 Entertainment

Workpaper 511-1.1 Depreciation

Workpaper 512-1.1 Legal & Professional Fees

#8 Civil Fraud Penalty**#6 Disallowance of \$500,000 airplane basis**

Workpaper 402-1.1

2015 2016 Total

	2015	2016	Total



Fearless One Year End: 12/31/2015 Year End: 12/31/2016 Amount in Dispute or N if no dispute 2015 Amount in Dispute or N if no dispute 2016

- A. Gross receipts or sales
 - B. Net gain (loss) from Form 4797, Part II
 - C. Repairs & maintenance
 - D. Other deductions - Aircraft Operating Expense
 - E. Other deductions - Charter Fees
 - F. Insurance expenses
 - G. Other Deductions - Small Tools
 - H. Other Deductions - Community Relations
 - I. Meals & entertainment
 - J. Other Deductions - Business Entertainment
 - K. Depreciation
 - L. Legal & professional fees
 - M. Interest
 - N. Supplies - Office
 - O. Automobile expense
 - P. Fuel expense
 - Q. Travel expense
-
- **Total Adjustments**

* Total non just increases
of Boxes & not be
changed.

BANS001733



BANSHEE CRANE AND FARM LLC
201612/11205
COST OF GOODS SOLD - OTHER COSTS

SLP 8/30/18
SLP 9/4/18;
SLP 5/13/19



WORK PAPER 507-4.2

BANSHEE CRANE AND FARM LLC
201612/1120S
COST OF GOODS SOLD - OTHER COSTS

SLP 8/30/18
SLP 9/4/18;
SLP 5/13/19

BANSHEE CRANE AND FARM LLC
201612/1120S
COST OF GOODS SOLD
OTHER COSTS

SLP 8/30/18
SLP 9/4/18



Taxpayer Name: BANSHEE CRANE & FARM
LLC
TIN: [REDACTED]
Tax Form: 1120S
Tax Year (s): 201512, 201612 **Examiner:** Pesi, Stephanie
Date: 9/5/18; 9/7/18; 5/15/19

Sch F Insurance Lead Sheet



BANSHEE CRANE AND FARM LLC

201612/1120S

ADVERTISING

SLP 9/5/18

SLP 5/15/19

BANSHEE CRANE AND FARM LLC
201612/1120S
ADVERTISING

SLP 9/5/18
SLP 5/15/19

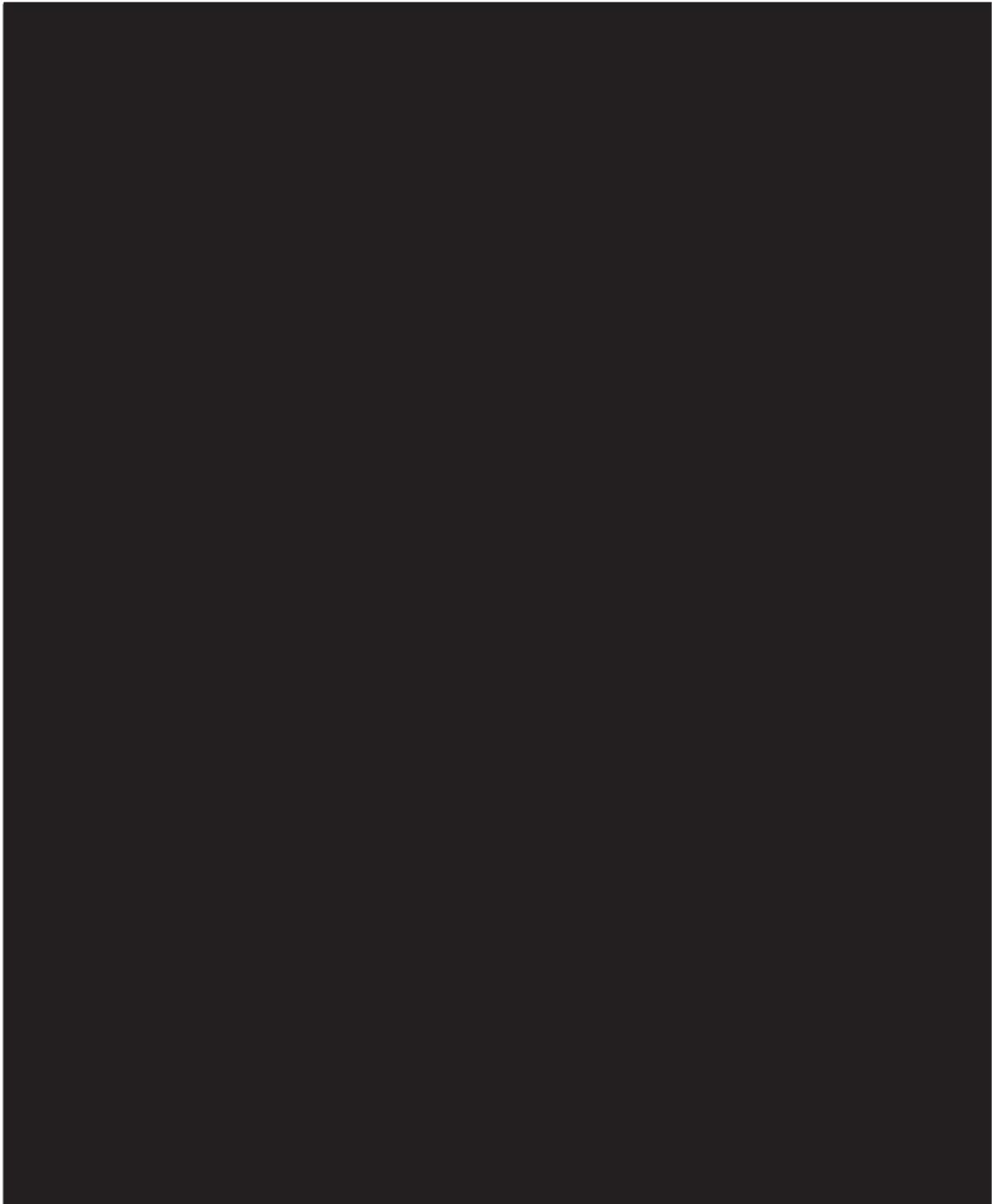


BANSHEE CRANE AND FARM LLC
201612/1120S
REPAIRS EXPENSE

SLP 9/6/18
SLP 9/7/18

BANSHEE CRANE AND FARM LLC
201612/1120S
REPAIRS EXPENSE

SLP 9/6/18
SLP 9/7/18



Internal Revenue Service
 Independent Office of Appeals
 1000 Liberty Avenue
 Room 816
 Pittsburgh, PA 15222

Date: April 6, 2021

Jeremy Hartzell, CPA
 HBK
 100 Pinewood Lane, Suite 201
 Warrendale, PA 15086

Department of the Treasury

Person to Contact:
 Nina M Miklos
 Employee ID Number: 0349386
 Tel: (412) 404-9205
 Fax: (412) 404-9210/ (855)548-1499
 Contact Hours: 8:30 - 5:00

Refer Reply to:
 AP:EX:PA:PIT:NMM

In Re:
 Jason R & Angela L.
 Fear.....
 Ban..... LLC

Tax Period(s) Ended:
 12/2015 12/2016

Dear Mr. Hartzell:

Thank you for participating in an IRS Independent Office of Appeals Zoom meeting gov conference. We've attached the link needed for the conference (see TO JOIN YOUR MEETING below) along with other helpful information.

Your conference is scheduled for April 6, 2021, at 10 a.m., Eastern Time Zone.

To join the zoom meeting gov

<https://irs.zoomgov.com/j/1601624445?pwd=TUROaUo3RHTRmxGY3AxYi8xNDdudz09>

Meeting ID: 160 162 4445

Passcode: 3U?Pva6b

One tap mobile

+16692545252,,1601624445# US (San Jose)

+16468287666,,1601624445# US (New York)

Dial by your location

+1 669 254 5252 US (San Jose)

+1 646 828 7666 US (New York)

Meeting ID: 160 162 4445

Find your local number: <https://irs.zoomgov.com/u/arr33givq>

Test your system

Prior to our meeting go to <https://zoom.us/test> to test the compatibility of your system you may need to download some software.

You may also try going the meeting prior to the actual day to make sure your link is correct. You should receive a message indicating the date and time of the actual zoom meeting. (4/6/21 – 10 am).

We'll only use the videoconference, document viewing, and chat features of Zoom. We won't use additional features such as recording and document transmittal. Please note that you're not authorized to audio or video record this conference. Although the IRS has approved the use of zoom meeting gov, we recognize that any internet application has some inherent risks associated with its use. We consider your agreement to participate in a zoom meeting conference to be an acceptance of those risks.

If you need to reschedule the conference or if you experience technical issues on the day of the conference, please call me at (412) 404-9205. .

You've been invited to a virtual conference meeting which allows Appeals to collaborate with taxpayers and their representatives.

- Only visual application and file sharing is permitted.

Sincerely,

Nina M. Miklos
Digitally signed by
Nina M. Miklos
Date: 2021.04.02
13:59:23 -04'00'
Nina M. Miklos
Appeals Officer

cc: Leroy L. Metz II

Page _____ of _____

**Examination Changes - Partnerships, Fiduciaries, S Corporations,
and Interest Charge Domestic International Sales Corporations**

Name and address

BANSHEE CRANE & FARM LLC
550 BEAGLE RD
ROCKWOOD, Pennsylvania 15557

Taxpayer BANSHEE CRANE & FARM LLC



Page 1 of 1

Form 886-X (July 2016)	Department of the Treasury — Internal Revenue Service Shareholders' Share of Income, Deductions, and Credits	Schedule Number 1120S
---------------------------	--	--------------------------

Name of Corporation

BANSHEE CRANE & FARM LLC

Page 1 of 1

Form **886-X**
(July 2016)

Department of the Treasury — Internal Revenue Service

Shareholders' Share of Income, Deductions, and Credits

Schedule Number
1120S

Name of Corporation

BANSHEE CRANE & FARM LLC

Issues: Banshee

Issue#	description	yr 2015	yr 2016	Appeals Dispute?	Appeals	Appeals
					2015	2016
A	Gross receipts					
B	Purchases					
C	Sch F Rent Expense					
D	<u>Sch F Repairs & maintenance</u>					
E	Sch F Supplies					
F	<u>Other costs</u>					
G	Employee benefit programs					
H	Cost of labor					
I	<u>Sch F Fuel expense</u>					
J	<u>Sch F Insurance expenses</u>					
K	Sch F Utility expense					
L	Sch F Livestock Supplies					
M	Sch F Other expenses - Permits					
N	Sch F Other - Travel expense					
O	Other expenses - Uniform Expense					
P	<u>Advertising</u>					
Q	Other expenses - Office Expense					
R	Meals & entertainment					
S	Travel expense					
T	Automobile expense					
U	Rents					
V	Utility expense					
W	Insurance expenses					
X	Gifts & awards expenses					
Y	<u>Repairs & maintenance</u>					
Z	Sch F Depreciation					
	Total					
5b	<u>179 adjustment</u>					

Taxpayer Name: BANSHEE CRANE & FARM
LLC
TIN: [REDACTED]
Tax Form: 1120S
Tax Year (s): 201512, 201612
Examiner: Pesi, Stephanie
Date: 9/7/18; 5/16/19

S Corporation IRC §179 Expense Deduction Lead Sheet

Taxpayer Name: BANSHEE CRANE & FARM
LLC
TIN: [REDACTED]
Tax Form: 1120S
Tax Year (s): 201512, 201612
Examiner: Pesi, Stephanie
Date: 9/7/18; 5/16/19

S Corporation IRC §179 Expense Deduction Lead Sheet



Taxpayer Name: BANSHEE CRANE & FARM
LLC
TIN: [REDACTED]
Tax Form: 1120S
Tax Year (s): 201512, 201612
Examiner: Pesi, Stephanie
Date: 9/7/18; 5/16/19

S Corporation IRC §179 Expense Deduction Lead Sheet



Taxpayer Name: BANSHEE CRANE & FARM
LLC
TIN: [REDACTED]
Tax Form: 1120S
Tax Year(s): 201512, 201612

Examiner: Pesi, Stephanie
Date: 9/7/18; 5/16/19

S Corporation IRC §179 Expense Deduction Lead Sheet



Taxpayer Name: BANSHEE CRANE & FARM
LLC
TIN: [REDACTED]
Tax Form: 1120S
Tax Year(s): 201512, 201612
Examiner: Pesi, Stephanie
Date: 9/7/18; 5/16/19

S Corporation IRC §179 Expense Deduction Lead Sheet

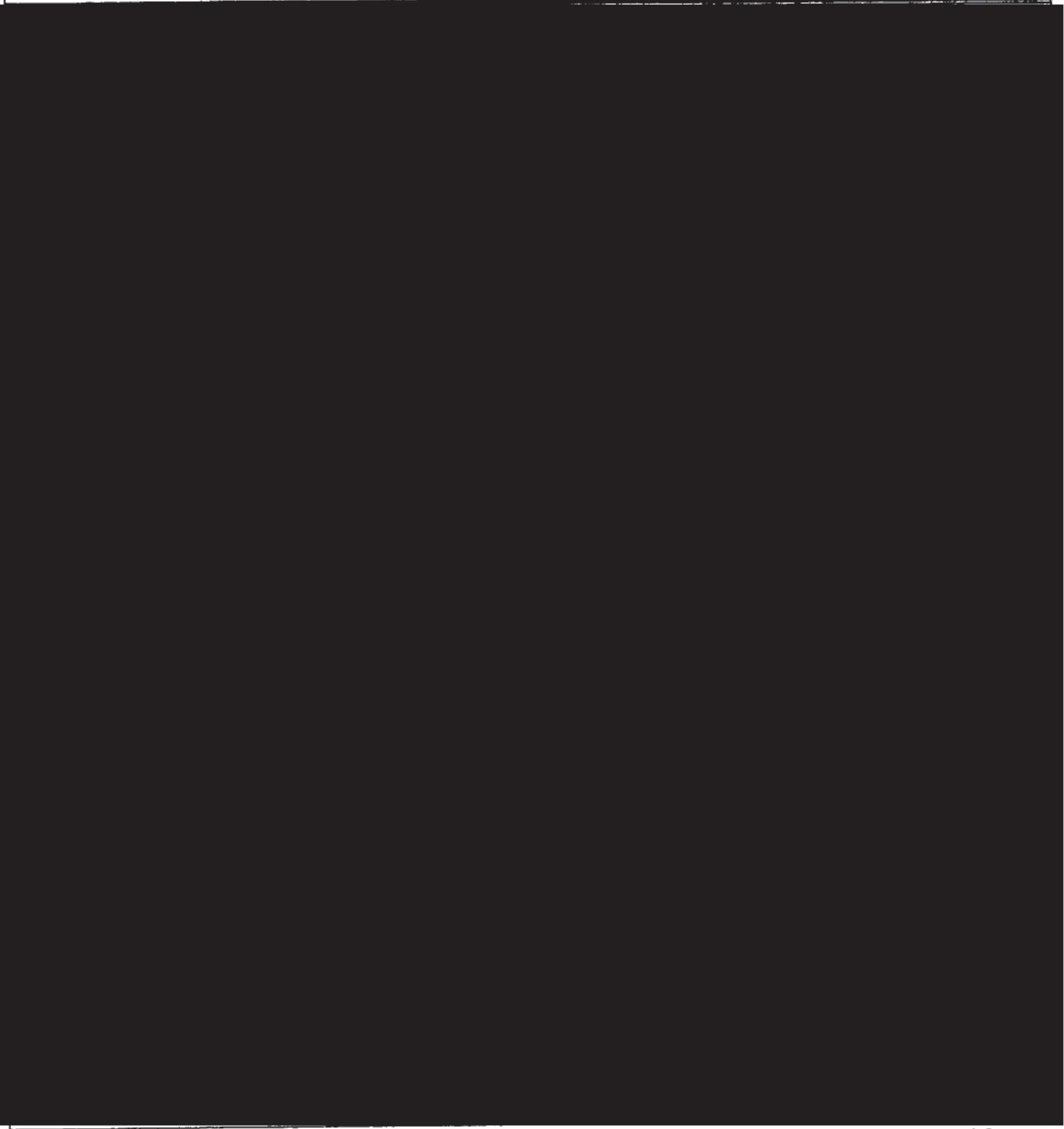


Taxpayer Name: BANSHEE CRANE & FARM
LLC
TIN: [REDACTED]
Tax Form: 1120S
Tax Year(s): 201512, 201612 **Examiner:** Pesi, Stephanie
Date: 9/20/18; 5/16/19

Distributions in Excess of Basis Lead Sheet

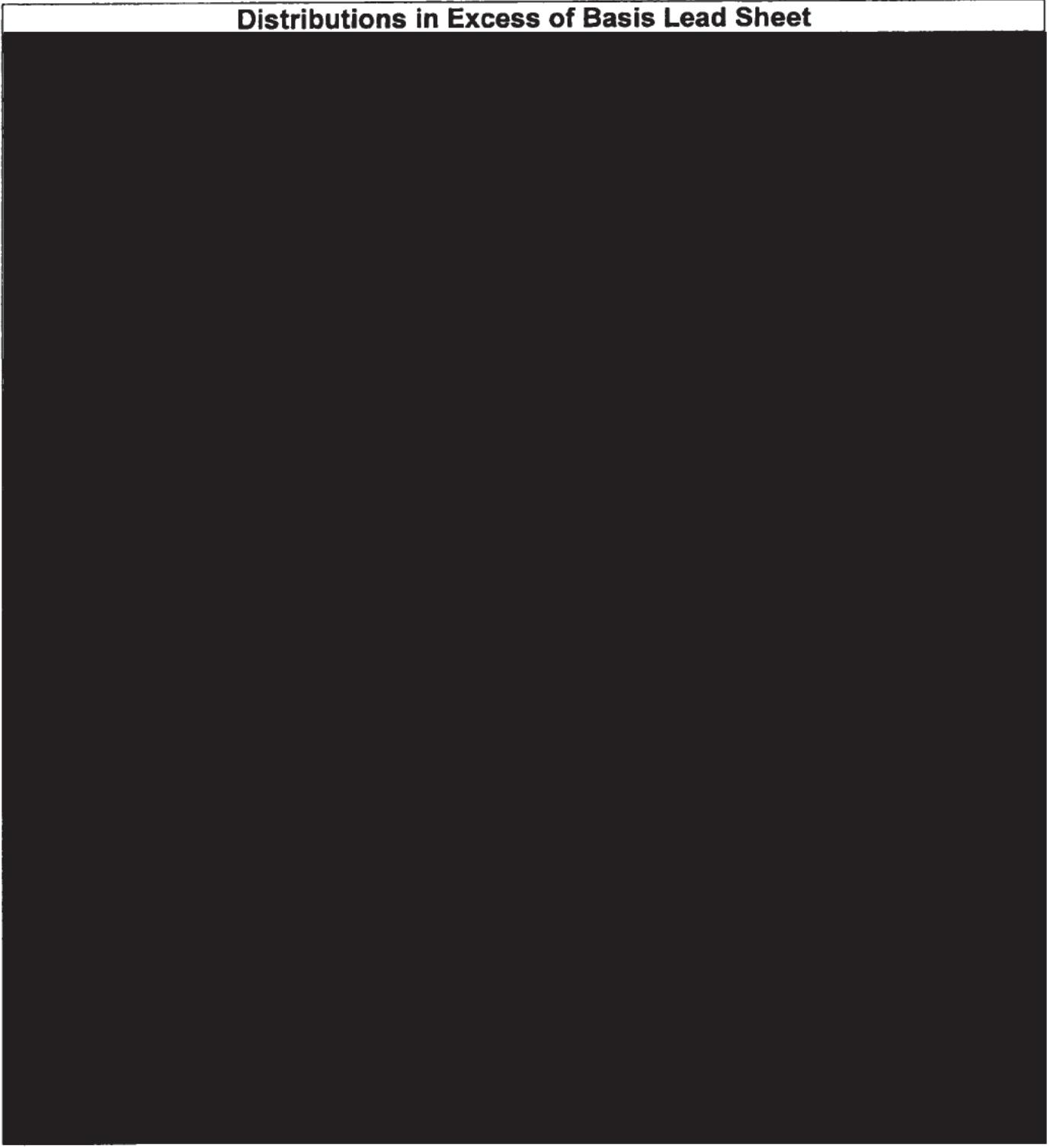
Taxpayer Name: BANSHEE CRANE & FARM
LLC
TIN: [REDACTED]
Tax Form: 1120S
Tax Year(s): 201512, 201612 **Examiner:** Pesi, Stephanie
Date: 9/20/18; 5/16/19

Distributions in Excess of Basis Lead Sheet



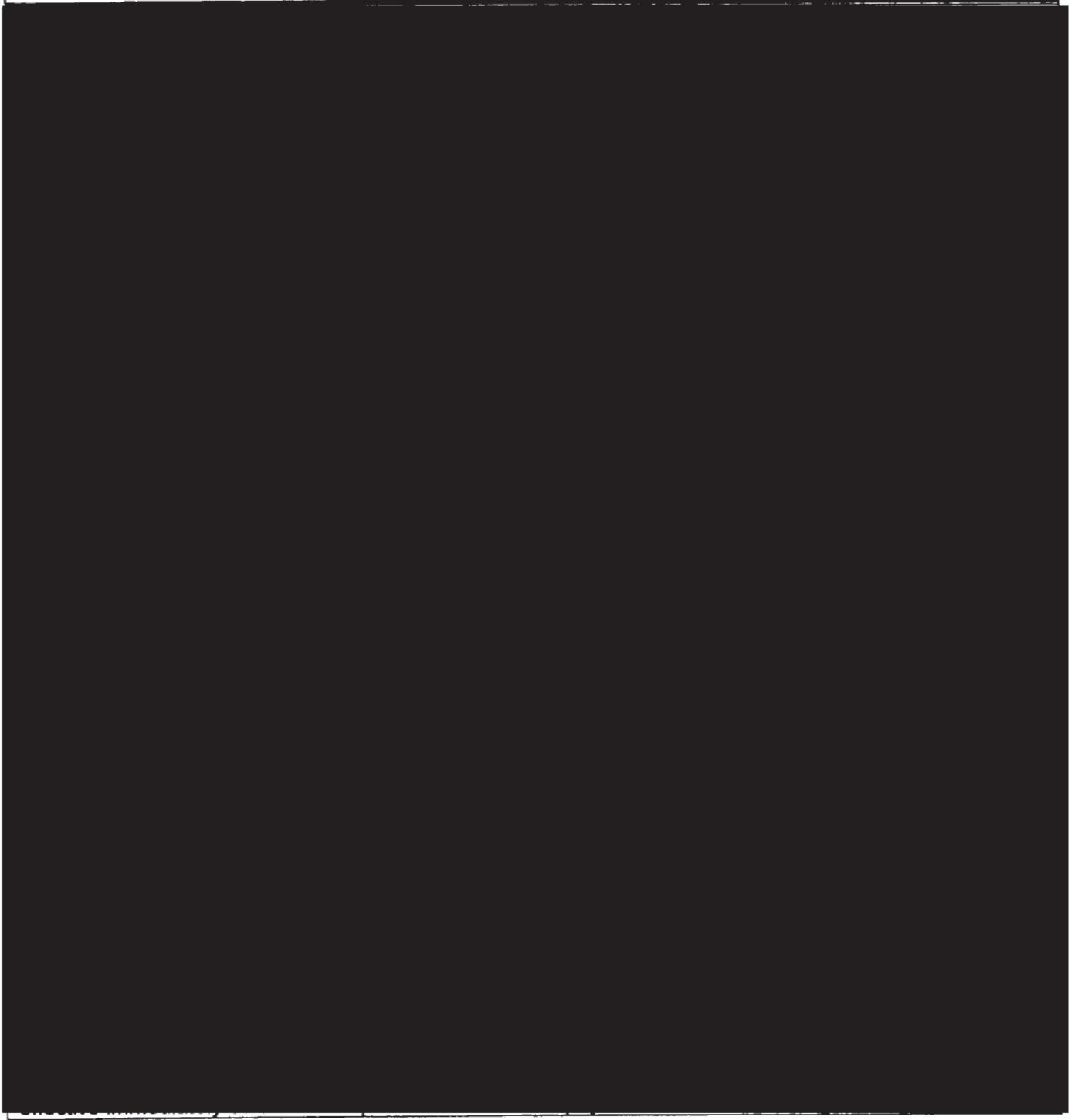
Taxpayer Name: BANSHEE CRANE & FARM
LLC
TIN: [REDACTED]
Tax Form: 1120S
Tax Year(s): 201512, 201612 **Examiner:** Pesi, Stephanie
Date: 9/20/18; 5/16/19

Distributions in Excess of Basis Lead Sheet



Taxpayer Name: BANSHEE CRANE & FARM
LLC
TIN: [REDACTED]
Tax Form: 1120S
Tax Year(s): 201512, 201612 **Examiner:** Pesi, Stephanie
Date: 9/20/18; 5/16/19

Distributions in Excess of Basis Lead Sheet



Taxpayer Name: BANSHEE CRANE & FARM
LLC
TIN: [REDACTED]
Tax Form: 1120S
Tax Year (s): 201512, 201612 **Examiner:** Pesi, Stephanie
Date: 9/20/18; 5/16/19

Distributions in Excess of Basis Lead Sheet



Taxpayer Name: BANSHEE CRANE & FARM
LLC
TIN: [REDACTED]
Tax Form: 1120S
Tax Year (s): 201512, 201612 **Examiner:** Pesi, Stephanie
Date: 9/20/18; 5/16/19

Distributions in Excess of Basis Lead Sheet



Taxpayer Name: BANSHEE CRANE & FARM
LLC
TIN: [REDACTED]
Tax Form: 1120S
Tax Year (s): 201512, 201612

Examiner: Pesi, Stephanie
Date: 9/20/18; 5/16/19

Distributions in Excess of Basis Lead Sheet



Taxpayer Name: BANSHEE CRANE & FARM
LLC
TIN: [REDACTED]
Tax Form: 1120S
Tax Year(s): 201512, 201612 **Examiner:** Pesi, Stephanie
Date: 5/16/19

Fraud Penalty - IRC § 6663 Lead Sheet



Taxpayer Name: BANSHEE CRANE & FARM
LLC
TIN: [REDACTED]
Tax Form: 1120S
Tax Year(s): 201512, 201612 **Examiner:** Pesi, Stephanie
Date: 5/16/19

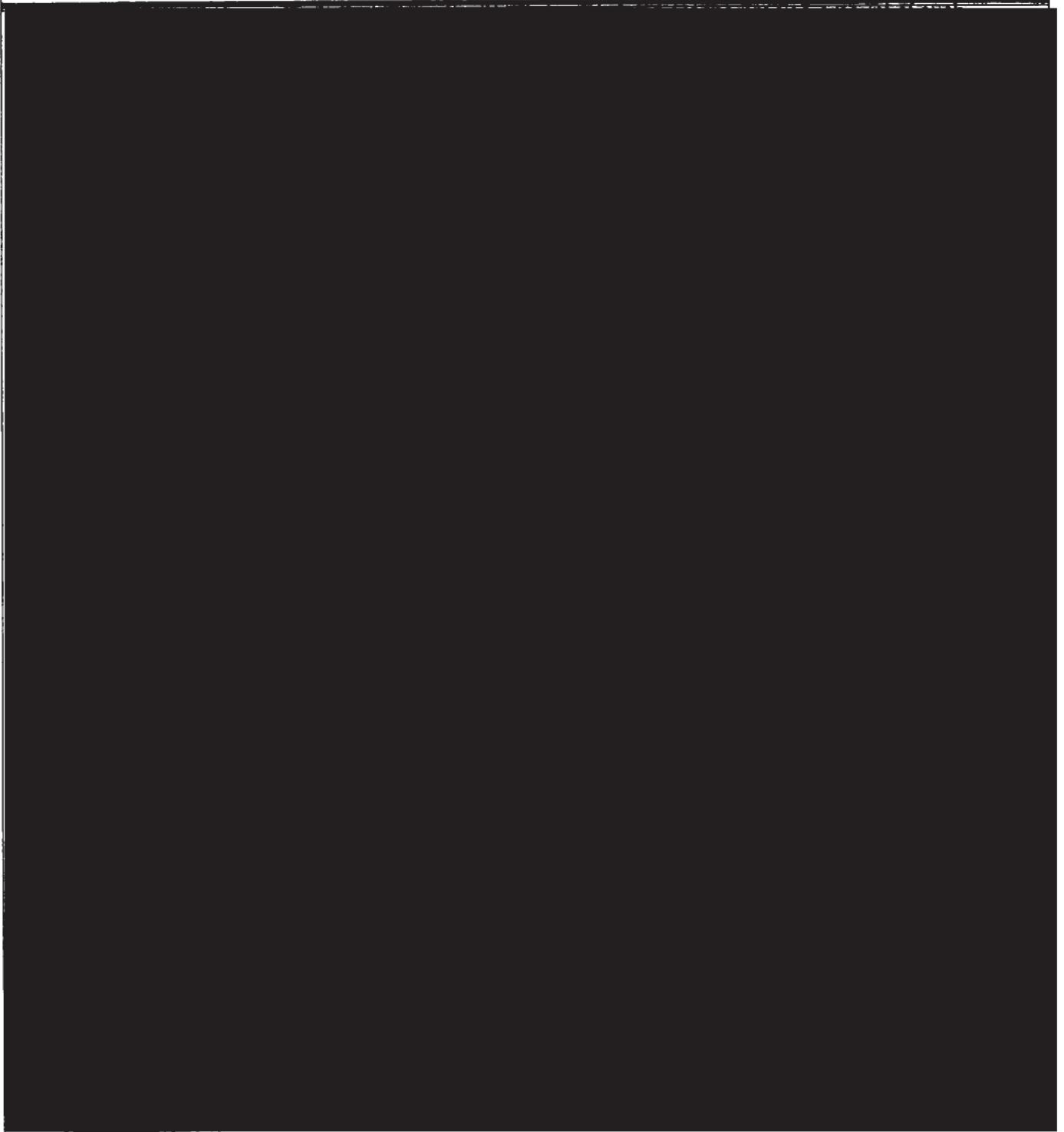
Fraud Penalty - IRC § 6663 Lead Sheet

5. Shifting income between related entities

- a. Mr. and Mrs. Svonavec have a second home in Florida. In 2015 all the expenses were paid by the taxpayer but deducted on the books of Fearless One Inc to offset income generated from the sale of that entity's airplane. In 2016 the taxpayer took a deduction for rent which were payments to Fearless One Inc. for rental of the Florida property. Fearless One Inc. reported some of the payments as rent to offset the personal living expenses. Some were posted as loan payments on the books of Fearless but not on the taxpayer's books.

Taxpayer Name: BANSHEE CRANE & FARM
LLC
TIN: [REDACTED]
Tax Form: 1120S
Tax Year (s): 201512, 201612 **Examiner:** Pesi, Stephanie
Date: 5/16/19

Fraud Penalty - IRC § 6663 Lead Sheet



Taxpayer Name: BANSHEE CRANE & FARM
LLC
TIN: [REDACTED]
Tax Form: 1120S
Tax Year (s): 201512, 201612 **Examiner:** Pesi, Stephanie
Date: 5/16/19

Fraud Penalty - IRC § 6663 Lead Sheet

